



SF Environment

Our home. Our city. Our planet.

A Department of the City and County of San Francisco

San Francisco 2012-13 Commuter Benefits Ordinance Annual Report



April 2014



PAID FOR
BY YOUR
PROP K
SALES TAX



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

EXECUTIVE SUMMARY

The 2013 compliance cycle received the highest number of reporting forms to date. Overall, the Commuter Benefits Ordinance has been instrumental in supporting employees to choose sustainable commute modes to work.

Analysis of the Commuter Benefits Ordinance for 2012-2013 fiscal year identified a number of positive conclusions:

1. Supports clean transportation choices for employees
2. Promotes a sustainable habit
3. Effective in reducing greenhouse gas emissions.

Areas for Future Improvement:

Although the Ordinance has demonstrated significant results in the five years it has been in effect, there are aspects of the program which could be improved:

1. Promote program visibility
2. Update compliance form information
3. One-on-one consultations and materials in multiple languages
4. Translate Employer Guide to Spanish and Chinese
5. Rideshare shuttle resources

TABLE OF CONTENTS

1. Introduction	4
1.1 San Francisco Commuter Benefits Ordinance Background	4
1.2 Ordinance Requirements	5
1.3 Benefits for Employers and Commuters	6
2. Administration of the Commuter Benefits Ordinance	7
2.1 Compliance Form Process	7
2.2 Outreach and Communications	7
2.3 Compliance Trends	10
3. Commuter Benefits Compliance Reporting Results	11
3.1 Role of the Ordinance in Starting Benefits Programs	11
3.2 Commuter Benefits Participation Numbers in San Francisco	12
3.3 Estimated Emissions Reduction	14
3.4 Number of Nationwide Employees	15
3.5 Benefits Offered	16
3.6 Vendor Administration for Benefits Programs	18
4. Conclusion	20
4.1 Areas for Future Improvement	20
Appendix A – 2013 Compliance Form	22
Appendix B – Results by Question	26
Appendix C – Sample Promotional Materials	34

1. INTRODUCTION

Every day, over 265,000 workers commute into San Francisco County.¹ The majority of these workers are commuting from San Mateo, Alameda, and Contra Costa counties.² Additionally, almost 100,000 San Francisco residents leave the city to work in nearby counties.³ When compared to the national average, San Francisco commuters are utilizing more sustainable transportation modes (walking, biking, taking transit and ridesharing).⁴ About 38 percent of these commuters drive alone and 32 percent take public transportation, compared to the national average of about 76 percent and five percent, respectively.⁵

Although many San Francisco residents and commuters travel sustainably to and from work, roughly 40 percent of greenhouse gas emissions in the city are found in the transportation sector.⁶ In order to address the growing concern of global climate change, the San Francisco Board of Supervisors passed the Greenhouse Gas Emissions Reduction Resolution (Resolution Number 158-02), establishing a goal of reducing greenhouse gas (GHG) emissions to 20 percent below 1990 levels by the year 2012. Six years later, San Francisco adopted the 2008 GHG Reduction Ordinance which amends the San Francisco Environment Code and establishes city-wide GHG emission targets. The current reduction goal is 80 percent below 1990 levels by 2050.⁷

Additionally, San Francisco attracts businesses from a wide range of industries. The majority of employees work in private, professional & business and transportation & utilities.⁸ The professional & business services, leisure & hospitality and education services are among the top growing industry sectors in the Bay Area.⁹

1.1 SAN FRANCISCO COMMUTER BENEFITS ORDINANCE BACKGROUND

To reduce the number of commuters driving alone to San Francisco and the amount of greenhouse gas emissions in the transportation sector, former Supervisor Mirkarimi introduced the Commuter Benefits

¹ U.S. Census Bureau, "2011 American Community Survey," March 5, 2013.

http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/11_1YR/S0801/0500000US06075

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Bay Area Air Quality Management District, "Source Inventory of Bay Area Greenhouse Gas Emissions," February 2010.

http://www.mtc.ca.gov/planning/climate/Bay_Area_Greenhouse_Gas_Emissions_2-10.pdf

⁷ City and County of San Francisco, "Greenhouse Gas Reduction Strategy," November 2010.

⁸ State of California Employment Development Department, "Labor Market Information for San Francisco." Available online at:

<http://www.calmis.ca.gov/htmlfile/county/sanfran.htm>. Accessed February 18, 2014.

⁹ State of California Employment Development Department, "Projections of Employment by Industry and Occupation."

Available online at:

http://www.labormarketinfo.edd.ca.gov/LMID/Projections_of_Employment_by_Industry_and_Occupation.html. Accessed February 13, 2014.

Ordinance as an amendment to the San Francisco Environment Code, Section 4.¹⁰ The Ordinance requires San Francisco employers to offer commuter benefits to encourage employees to reduce driving alone while commuting. The mandate passed with support from the San Francisco business community, including the Chamber of Commerce and the Building Owners and Managers Association of San Francisco (BOMA).¹¹ The SF Board of Supervisors passed the San Francisco Commuter Benefits Ordinance on the first reading with 11 votes and zero dissents on August 8, 2008. The Ordinance became effective on January 19, 2009 and applies to businesses with 20 or more employees nationwide and a location in San Francisco.

The overarching goal of the Ordinance is to decrease GHG emissions by focusing on a reduction in single occupancy commute trips. The Ordinance also furthers San Francisco's Transit First Policy.¹²

1.2 ORDINANCE REQUIREMENTS

Businesses subject to the Commuter Benefits Ordinance must have a location in San Francisco, 20 or more employees nationwide, and a San Francisco business registration certificate number. Employees who may receive commuter benefits must perform an average of at least ten hours of work per week for compensation in San Francisco for the same employer within the previous calendar month.

The Commuter Benefits Ordinance requires covered employers to provide at least one of the following transportation benefit programs to covered employees:

- **Employee-Paid Pre-Tax Deduction:** Employees have the option to set aside pre-tax funds from their paycheck each month for transit, vanpool, or parking expenses. The IRS Code defines the pre-tax limits in Section 132 (f).¹³
- **Employer-Paid Transportation Subsidy:** This benefit allows employers to subsidize employee bicycling, transit or vanpool costs. Subsidies are typically provided to employees in the form of a transit card or voucher. The monthly subsidy for transportation expenses must be equivalent to the price of the San Francisco MUNI Fast Pass 'A', currently \$76 per month, and may not exceed the current IRS pre-tax spending limits. Employers may also choose to provide a bike benefit of up to \$20 per month for employees.

¹⁰ City of San Francisco, "San Francisco Environment Code Chapter 4: Healthy Air and Clean Transportation Program," March 13, 2013.

[http://www.amlegal.com/nxt/gateway.dll/California/environment/environmentcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/environment/environmentcode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1)

¹¹ Association of Bay Area Governments (ABAG), "Model Ordinance – Commuter Benefits," March 13, 2013.

http://www.abag.ca.gov/abag/events/agendas/1111909a-ABAG_Model_Ordinance-Commuter_Benefits.pdf

¹² City of San Francisco, "Transit First Policy," June 29, 2012.

[http://www.amlegal.com/nxt/gateway.dll/California/charter_sf/articleviiiathemunicipaltransportationag?f=templates\\$fn=altmain-nf.htm\\$3.0?f=templates\\$fn=altmain-nf.htm\\$3.0#JD_8A.115](http://www.amlegal.com/nxt/gateway.dll/California/charter_sf/articleviiiathemunicipaltransportationag?f=templates$fn=altmain-nf.htm$3.0?f=templates$fn=altmain-nf.htm$3.0#JD_8A.115)

¹³ The American Taxpayer Relief Act of 2012 expired on December 31, 2013, changing the monthly pre-tax spending limit for transit and vanpools from \$245 to \$130 per month and parking from \$245 to \$250 per month.

- **Employer-Provided Transportation:** Employers may provide a transportation service using a dedicated bus or van, or paying into a shared bus service, between employee residential areas or transit stations and their office location.

Companies may qualify for an exemption to the Ordinance if they meet certain criteria. Businesses with fewer than 20 employees nationwide are not required to be in compliance and local, state, and federal government agencies are also exempt. Other exemptions are provided on a case by case basis for companies with employees who solely telecommute, have contract work in San Francisco less than six months in duration or drive specialty vehicles to project sites.

1.3 BENEFITS FOR EMPLOYERS AND COMMUTERS

Commuter benefits programs provide financial savings for both employees and businesses. Employees who deduct pre-tax funds from their paycheck reduce their taxable income. As a result, business payroll taxes decrease up to nine percent per participating employee. Companies who choose to provide a transportation subsidy also do not pay payroll taxes and employees do not pay federal or payroll taxes on the benefit amount, up to the current IRS pre-tax limit.

Businesses not only experience tax savings with each employee participating in commuter benefits, but as well as employee recruitment, retention and corporate citizenship. Employees participating in a commuter benefits program are saving financially, may decrease the stress associated with driving and increase work productivity and overall health.

Commuter Benefits through the Years

- **2009-2011:** Deduction limits for transit or vanpool and parking equal at \$230/month.
- **2012:** Without an extension to the parity provision, deductions for transit or vanpool dropped to \$125/month. Parking increased with inflation to \$240/month.
- **2013:** The American Taxpayer Relief Act of 2012 became effective on January 1, 2013. Parity effective through December 31, 2013, and retroactive to January 1, 2012. Commuters are able to deduct up to \$245/month for transit or vanpool expenses and up to an additional \$245/month for parking expenses.
- **2014:** The American Taxpayer Relief Act of 2012 expired and the parity between transit or vanpool and parking benefit levels was lost. New deduction limit reverted to \$130/month for transit or vanpool and \$250/month for parking expenses.

Pre-tax funds can be used to purchase transit tickets and passes, load Clipper Cards and pay for vanpool expenses. Pre-tax deductions for commuters who bike are not yet included and can be provided only as a subsidy capped at \$20/month.

2. ADMINISTRATION OF THE COMMUTER BENEFITS ORDINANCE

The San Francisco Department of the Environment's CommuteSmart program staff administer and enforce the Commuter Benefits Ordinance. The oversight of this program involves annual compliance activities and on-going program management, monitoring and support.

CommuteSmart offers free one-on-one consultations and assistance with program rules, compliance and implementation. Staff will also investigate anonymous notifications of noncompliant businesses.

2.1 COMPLIANCE FORM PROCESS

As part of the Ordinance, the CommuteSmart team manages the annual compliance reporting cycle. This cycle includes developing the annual compliance reporting form, conducting outreach about the Ordinance, communicating program updates, sending notifications to employers to complete the process, assisting employers with completing the form, reviewing the form submissions, sending compliance and exemption certificates and warnings and citations to noncompliant companies.

Employers are asked to inform CommuteSmart of their commuter benefits programs by submitting the compliance reporting form annually on April 30th. A copy of the 2013 compliance form is included in Appendix A. The compliance form allows employers to indicate if their business is required to comply or is exempt, types of commuter benefit programs offered, number of eligible employees working in San Francisco and number of participating employees in the program. Data for each question on the form are available in Appendix B.

Businesses reporting 20 or more employees and a location in San Francisco were notified of the 2013 annual compliance deadline through several communication channels. More than 4,200 compliance forms were submitted out of 6,200 businesses subject to the ordinance.

2.2 OUTREACH AND COMMUNICATIONS

The CommuteSmart team undertakes many efforts to inform employers about the Ordinance and requirements through a variety of channels. In previous years, this has been limited to one direct mailing to employers, general information on the SF Environment website and emails to businesses. This past year, CommuteSmart has attempted to increase the visibility of the program by including information in internal and external newsletters, postings via organizations catering to businesses and on social media platforms, including Twitter and Facebook. The goal of diversifying the outreach effort is to reach more employers and provide education about the Ordinance.

In 2013, the CommuteSmart team sent frequent email updates and Twitter posts to inform businesses of the upcoming deadline for submitting compliance reporting forms. Using an email marketing service enabled the team to efficiently send large quantities of emails to a growing list of employers. This service also enabled the staff to track invalid email addresses, message open rates and requests to be removed from the email list.

As seen in Figure 1, nearly half of businesses that submitted a compliance form reported hearing about the Ordinance and the annual reporting process through the joint mailing with the Healthcare Security Ordinance (HCSO) administered by the Office of Labor Standards Enforcement. This beneficial collaboration is possible because the two ordinances share many of the same demographic requirements, including the size of businesses and compliance deadline. The mailing includes a letter informing employers about the Ordinance, FAQs and the CommuterBenefits.org website address for accessing the compliance form. The mailer was sent to over 7,000 employers with San Francisco business registration certificate numbers and 20 or more employees nationwide based on a list compiled by the Office of the Treasurer and Tax Collector.

More than 85 percent of businesses heard about the Ordinance through e-mail or postal mail messaging campaigns.

Figure 1 compares the various notification methods used to promote the annual compliance form between 2012 and 2013. Postal mailing messaging, as described above, was the most common notification method. About 42 percent of employers reported hearing about the Ordinance through email reminders sent to all employers who have previously submitted a compliance form. Very few employers heard about the Ordinance through other means, such as social media, a new communications channel for CommuteSmart in 2012. Although few businesses reported notification through this outlet, the expanding opportunities in social media indicate an area of focus for future outreach.

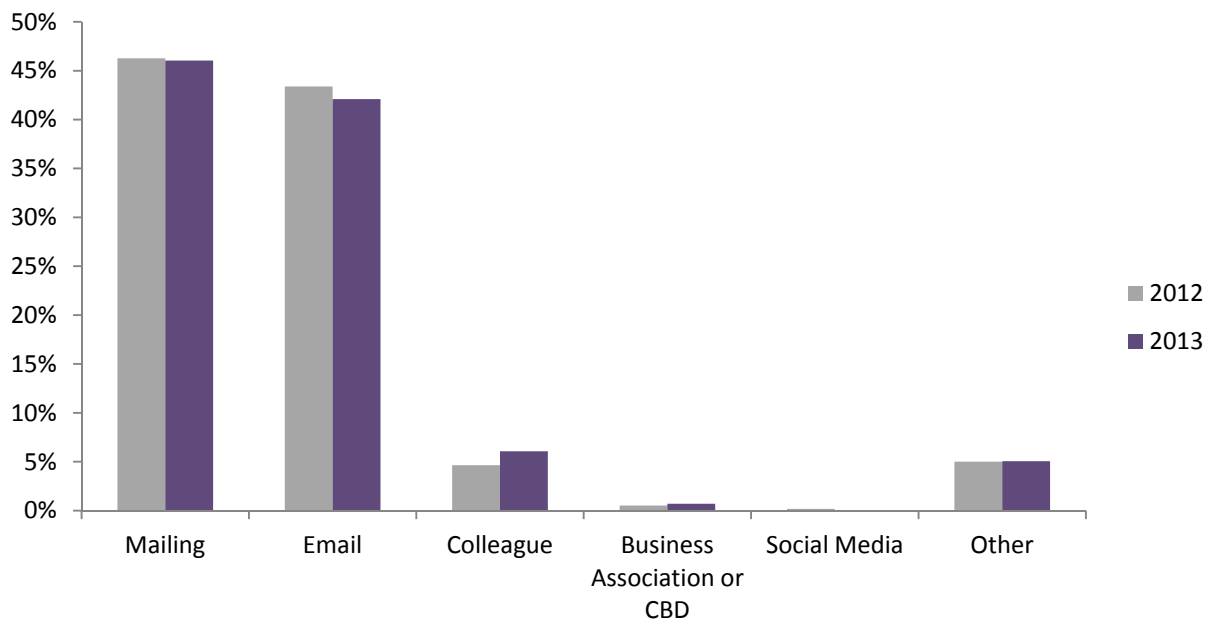


Figure 1. Notification Methods

n = 7,224

Of note is the increased number of employers reporting notification by a colleague to complete the compliance form. A secondary email campaign aimed at employers who had not submitted information was sent to contacts provided by the Office of the Treasurer and Tax Collector. Given many of these contacts are accountants in the organizations, they sent the information to Human Resources

and benefits colleagues to complete the reporting process, thus increasing the number notified by this means.

Employer Tools

Website Resources

In order to help businesses comply with the Ordinance by implementing a commuter benefits program, CommuteSmart has created a variety of resources. These resources include an Employer Guide, employer survey, free one-on-one consultations, and a Frequently Asked Questions page. Employers may access this information using the vanity URL: www.sfenvironment.org/commuterbenefits.

1. Employer Guide

The CommuteSmart team offers a comprehensive Employer Guide which provides a general overview of the Ordinance, specifics about the potential tax savings and other benefits for each program option. The guide features step-by-step instructions to help determine the best commuter benefit option for the company, suggestions for which staff and departments to involve in implementing a program and the process for registering employees once the program is in place. The document also includes a sample vendor directory, pre-written paycheck inserts and a customizable employee survey. The Employer Guide is available on the SFE website as a PDF.

2. Employer Survey

The employer survey assesses employee commute patterns to help identify which benefit program would be most effective for staff. The marketing materials include sample posters used to announce the program and enrollment instructions, program marketing notices to be included with paychecks and sample emails to communicate with company staff about the program. These materials are included in the Employer Guide and are also available as customizable Microsoft Word documents on the SFE website for employers to use in their promotional activities. A copy of these materials is included in Appendix C.

3. Employer Consultations

CommuteSmart also offers support services, the most popular being one-on-one employer consultations. Employers may request an in-person meeting or a phone call with the CommuteSmart Program Specialist to assist with determining the type of commuter benefit program to establish and the necessary steps to implement the program.

4. Compliance Reporting Form

As part of the annual reporting cycle for the Commuter Benefits Ordinance, employers are asked to complete a reporting form informing CommuteSmart of their benefit status. The form may be completed online and can be accessed on the department website or through a vanity URL: www.sfenvironment.org/CBOCompliance. This direct-link URL helps employers access the form quicker than navigating the website and simplifies the amount of text on communication outlets.

2.3 COMPLIANCE TRENDS

Since implementation in 2009, the number of compliance forms received has steadily increased through 2011, as seen in Figure 2. In 2013, over 4,200 forms were received, an increase of about 800 companies compared to the previous reporting cycle. Outreach in 2012 targeted employers subject to the Ordinance. The increase in submissions in 2013 may be due to increased outreach to all San Francisco businesses.

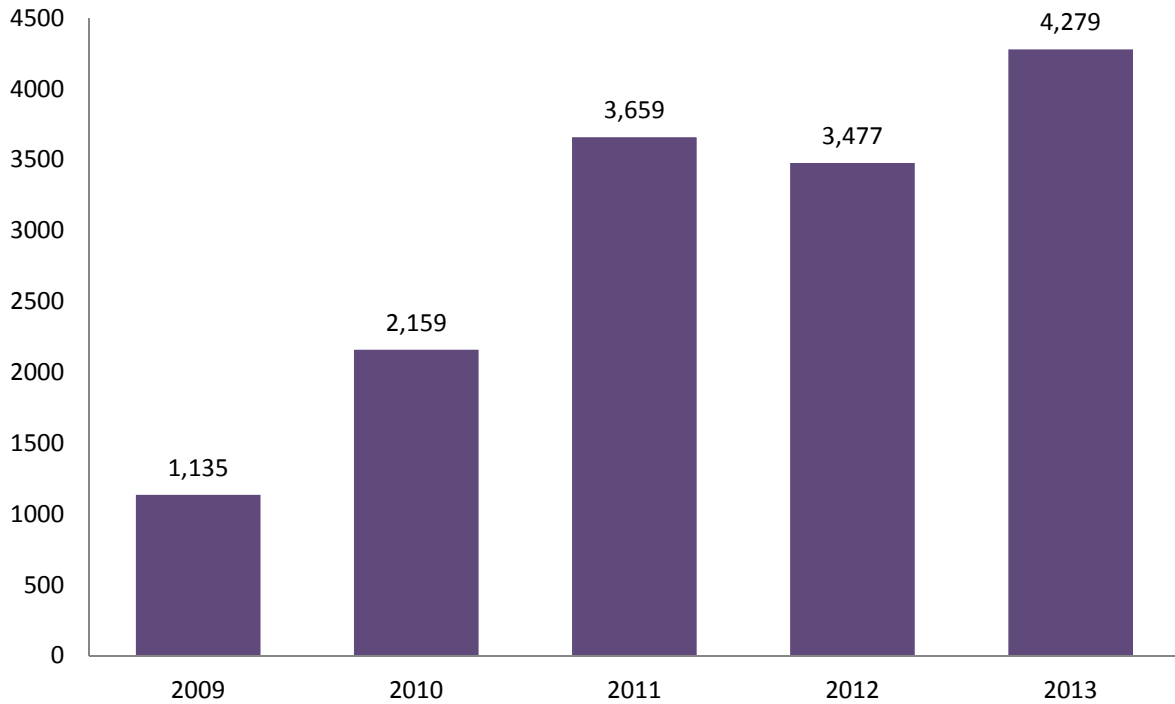


Figure 2. Compliance Forms Filed by Year

3. COMMUTER BENEFITS COMPLIANCE REPORTING RESULTS

The Ordinance has supported the reduction of GHG emissions in the transportation sector by 290,000 metric tons in the past year. Average participation rate in the program has increased in the past year and as a result, the amount of CO₂ emissions has been greatly reduced. Thousands of employees take public transit, bike and walk to work. The Ordinance has made commuting to work less expensive and easier for San Francisco employees to choose sustainable commute modes rather than driving alone.

3.1 ROLE OF THE ORDINANCE IN STARTING BENEFITS PROGRAMS

Over 6,200 companies with a San Francisco Business Registration Certificate number and 20 or more employees were sent notifications to complete the online reporting form. More than 4,200 companies filed a form and their reporting data has been summarized in the following sections.

Although the Commuter Benefits Ordinance was passed in 2009, some companies have been offering commuter benefits before the policy was introduced. More than 1,400 businesses, or 38 percent, reported starting a commuter benefits program because of the Ordinance while the remainder offered a program independent of requirements.

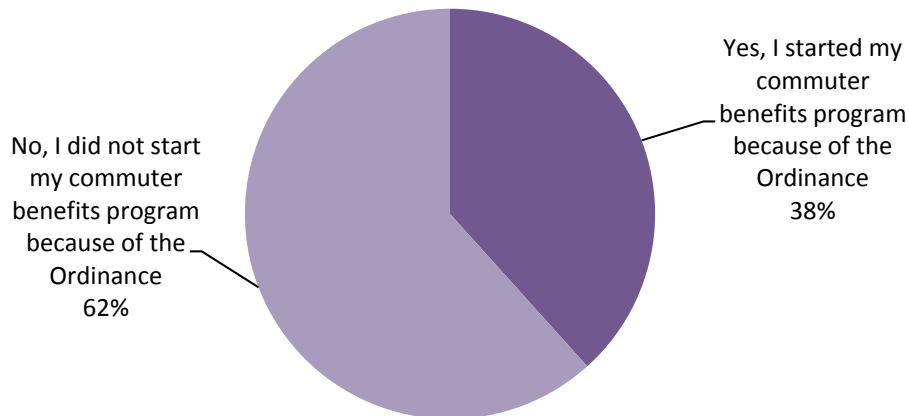


Figure 3. Programs Initiated due to Ordinance

n = 3,759

Approximately one-third of the companies that started a commuter benefits program as a result of the Ordinance decided to offer the program nationwide.

In contrast, looking at all companies offering a commuter benefits program, over 2,300 businesses (61%) reported offering these benefits to all employees nationwide. In both these cases 'nationwide' also includes those that only have a location in San Francisco.

This percentage has almost doubled from 33 percent in the previous year. Although this Ordinance only applies to businesses located in San Francisco, it continues to demonstrate the ability to reach and enhance employee benefits beyond the city.

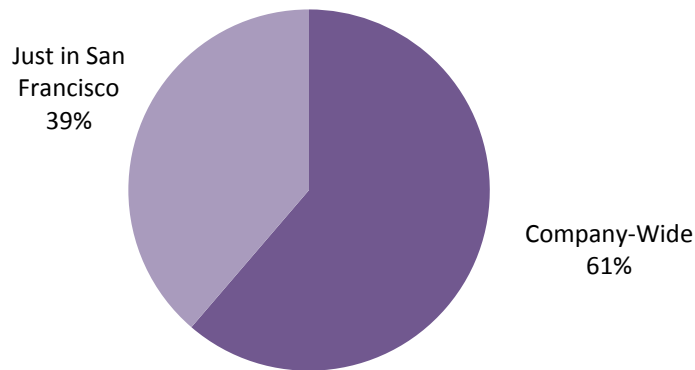


Figure 4. National Extent of Commuter Benefits Programs Initiated Due to Ordinance

n = 3,759

3.2 COMMUTER BENEFITS PARTICIPATION NUMBERS IN SAN FRANCISCO

On the compliance reporting form, employers are asked how many employees in San Francisco are eligible for commuter benefits and how many employees participate in the program. Employee eligibility encompasses all full-time employees and part-time employees working at least an average of ten hours per week.

Over 90,000 employees in San Francisco participate in their commuter benefits program, see Figure 5. These employees represent companies ranging from “very small” (fewer than 100 employees) to “very large” (more than 5,000 employees). Overall, about 23 percent of all eligible employees participate in their employer’s commuter benefits program.

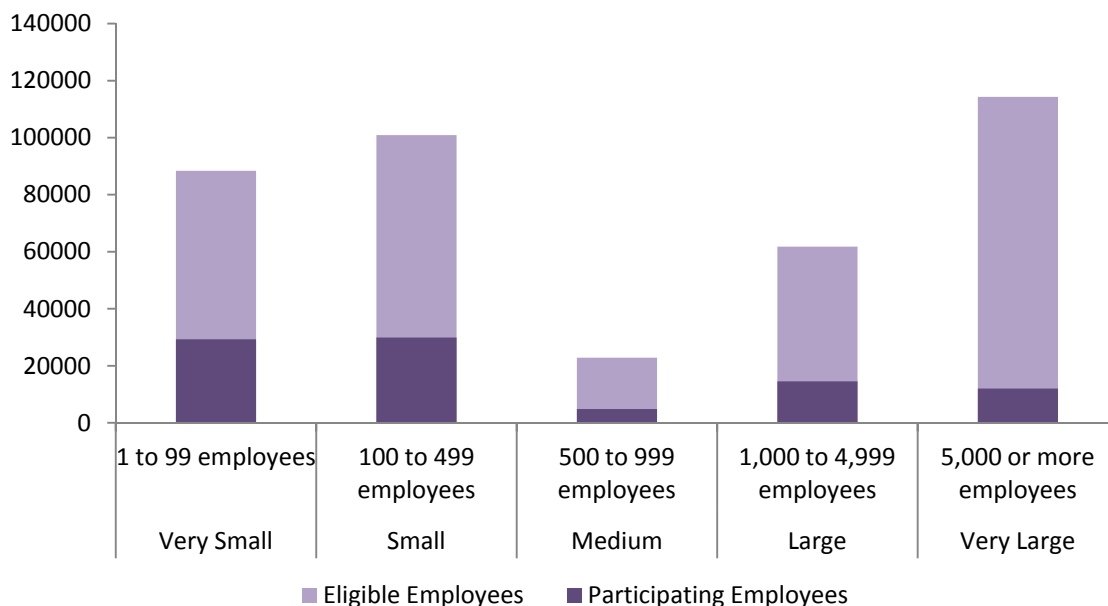


Figure 5. Number of Eligible and Participating Employees by Company Size

n = 3,633

Figure 6 shows the average participation rates by company size. Participation rate is calculated by comparing the number of participating to the number of eligible employees in San Francisco. Companies with fewer than 500 employees have the highest participation rates out of all companies. Meanwhile, companies with 5,000 or more employees had the lowest participation rate, approximately 10 percent. This result is consistent with the previous year.

In order to encourage employees at these large companies to participate in their commuter benefits program, future outreach and marketing could be targeted towards these businesses. Employees working at large companies may not necessarily be aware of their commuter benefits programs; hence outreach towards these employees could likely improve this rate.

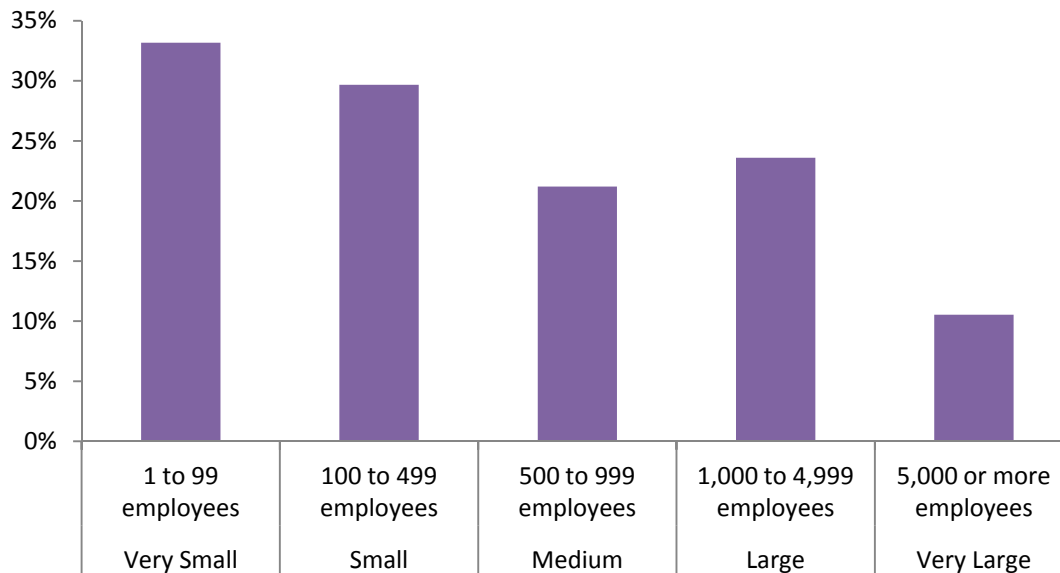


Figure 6. Average Participation Rate by Company Size in San Francisco

n = 3,633

On average, companies offering a program because of the Ordinance had a 15 percent participation rate. However, companies offering a commuter benefits program independent of the Ordinance reported a 26 percent participation rate. While the Ordinance has been successful in encouraging employers to offer commuter benefits, implementation of these programs does not lead to employees being aware of or using the benefits. This presents an opportunity for working with employers to effectively market the program and help employees understand the benefits available.

Employees have expressed a number of factors which prevent them from utilizing sustainable commute modes and therefore taking advantage of their company’s commuter benefits programs. The distance between home and workplace locations to transit services, frequency of transit services and free or reduced parking offered by employers are all barriers to using sustainable commute modes.

Company culture may play a large role in the use of sustainable commute modes. Companies that make sustainable transportation modes the norm are more likely to appeal to and encourage employee participation. For example, employers can offer company vehicles or bicycles, or create a corporate car sharing account for business travel to negate the need for employees to drive their personal vehicles

23 percent of San Francisco employees are participating in commuter benefits programs at work.

to work. Other companies require employees to purchase parking passes rather than offering free parking, thereby creating an incentive to rideshare or use other modes to travel to work. These actions can be further incentivized by parking cash-out programs where employees can choose not to receive a parking permit and receive a cash payment instead.

Employers may also create an encouraging environment for choosing sustainable commute modes by providing the option for a flexible work schedule and enrolling in the San Francisco Emergency Ride Home program.

3.3 ESTIMATED EMISSIONS REDUCTION

San Francisco has adopted a number of policies to achieve an 80 percent GHG emissions reduction below 1990 levels by 2050. One of the policies to help achieve this goal is the Commuter Benefits Ordinance, which helps reduce air pollution from single occupancy vehicles.

In 2013, over 90,000 employees were reported using commuter benefits. Using this figure and an average commute distance of 16 miles one-way, this translates to a reduction of almost three million vehicle miles traveled (VMT) per day. This assumes all participants in a commuter benefits program are no longer driving alone and are taking transit, vanpool or a company shuttle.¹⁴

Taking the average fuel efficiency for passenger vehicles at 23.5 miles per gallon (MPG),¹⁵ the average gallons of gas saved per day is about 120,000 gallons. This figure can then be applied to determine the amount of CO₂ emissions those gallons of gas would have produced, which can be used as a proxy for the CO₂ emissions reduction as a result of the Ordinance. These calculations estimate a reduction of 1,098 metric tons of CO₂ per standard commute day. Assuming an average of 261 commute days per year,¹⁶ this translates into an overall estimated reduction of about 290,000 metric tons of CO₂ for this past year. This figure has increased by 87,000 metric tons since 2012. The Ordinance has contributed to a significant reduction of CO₂ emissions since 2011 and continues to help reach the City's overall emissions reduction goals.

San Francisco commuters participating in commuter benefits reduced CO₂ emissions by an estimated 290,000 metric tons in 2013.

¹⁴ Based on average 16 mile one-way commute (from MTC's Commute Profile).

¹⁵ U.S. Department of Transportation Federal Highway Administration, "Highway Statistics 2012." Available online at: <http://www.fhwa.dot.gov/policyinformation/statistics/2012/>. Accessed on February 20, 2014.

¹⁶ U.S. Office of Personnel Management, "Fact Sheet: Computing Hourly Rates of Pay Using the 2,087-Hour Divisor." Available online at: <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/computing-hourly-rates-of-pay-using-the-2087-hour-divisor/>. Accessed on February 20, 2014.

Table 1. Emissions Reduction Calculations

Number of Benefit Program Participants:	90,723
Average Commute Distance:	16 mi. one-way
Average Daily VMT Reduction:	2,903,136 miles (round-trip)
Average Gallons of Gas Saved:	123,538
Total Daily Reduction in CO₂:	1,098 metric tons
Total Annual Reduction in CO₂:	286,547 metric tons

3.4 NUMBER OF NATIONWIDE EMPLOYEES

Companies are asked to report the number of nationwide employees in their company. Nationwide employee count is essential in determining compliance and also helps to identify the range of company sizes with a local presence in San Francisco. Figure 7 separates these companies based on size. More than half of businesses are considered very small or have fewer than 100 employees. About three-quarters of all businesses reporting in 2013 have fewer than 500 employees nationwide. Medium sized companies were the least represented. About 18 percent of reporting companies have more than 1,000 employees. This highlights the draw of San Francisco as an economic base for larger companies, particularly in the finance and technology sectors.

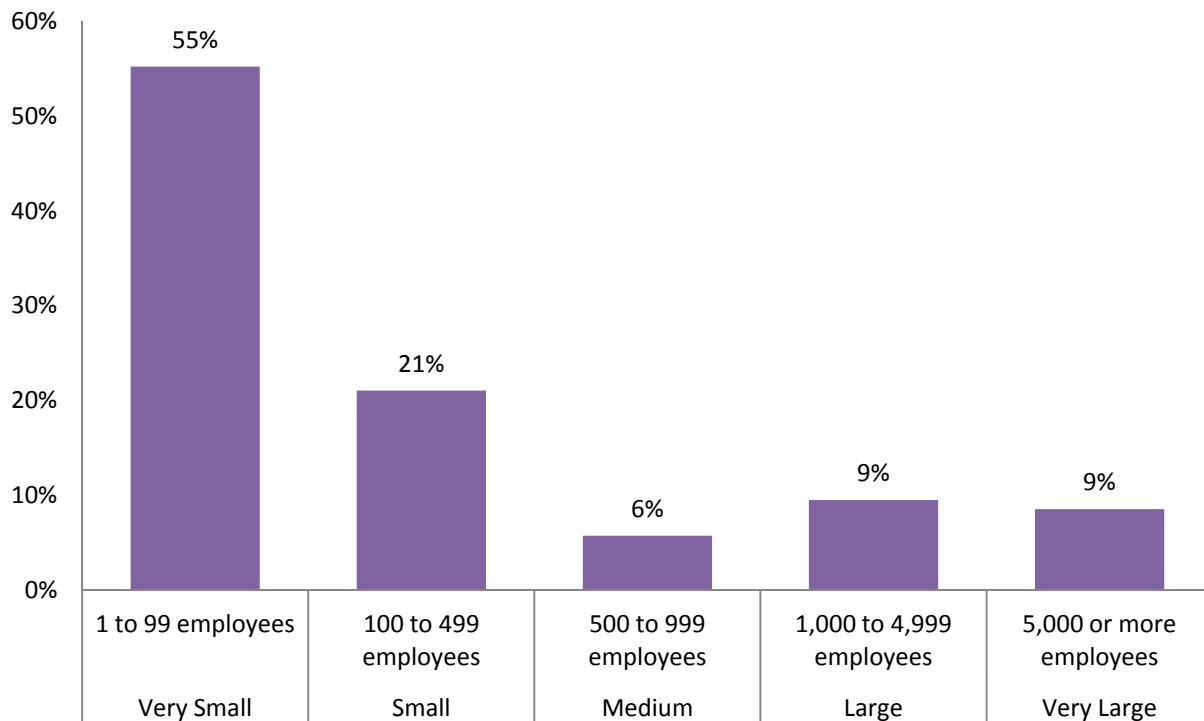


Figure 7. Company Size Distribution

n = 4,246*

* = number of businesses that reported having at least one employee nationwide

3.5 BENEFITS OFFERED

Companies required to comply have the option of offering a pre-tax employee deduction, employer-paid subsidy or employer-provided transportation service to employees who meet the requirements of the Ordinance. Additionally, employers may choose to provide a combination of the above programs.

Figure 8 shows all of the commuter benefits programs offered to employees, with the combination programs shaded in red. The most popular program employers provide is the pre-tax transit or vanpool deduction. This option is similar to other pre-tax programs which may already be offered (including flexible spending accounts), leading to the high percentage of employers offering this option.

Over 75 percent of San Francisco businesses offer a pre-tax deduction program for employees.

The second most common benefit provided is the employer-paid subsidy for transit or vanpool. Although both employers and employees save tax dollars on this benefit, employers pay a minimum of \$76 per month for each participating employee. The Ordinance requires the subsidy amount adhere to IRS guidelines, i.e., subsidy should be used strictly for bike, transit or vanpool expenses. However, employers have expressed a desire to reimburse employees for travel costs, which is not allowed under IRS regulations. This issue identifies a program area where efforts can be targeted to increase awareness about subsidy options and their potential tax savings.

The pre-tax deduction and employer-paid subsidy combination program is another common program employers offered. This combination program allows employers to offer a subsidy equivalent to the Muni Fast Pass 'A', or \$76 per month, and allow employees to deduct from their paychecks up to \$169 per month pre-tax (the pre-tax deduction and subsidy amount may not exceed \$245¹³ per month according to IRS pre-tax spending limits).

About three percent of businesses, or about 100 companies, offered a program which includes the employer-provided transportation shuttle. The shuttle service is cost-effective for large companies with employees living in the same general vicinity. Some companies have shared a shuttle service with each other to split the cost of transporting employees to their workplace.

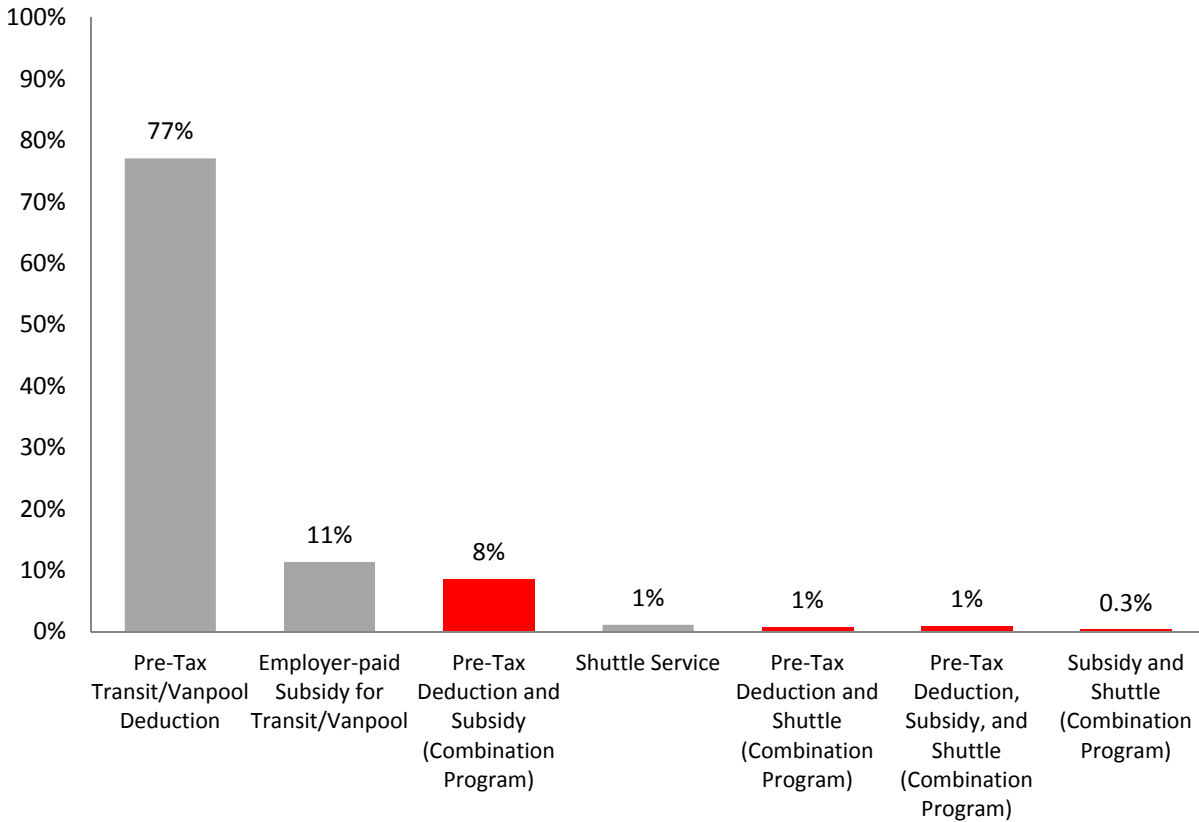


Figure 8. Commuter Benefit Programs Offered

n = 3,543

Figure 9 analyzes the companies who only offer one of the three commuter benefit programs based on company size. Independent of company size, the pre-tax deduction program is the most commonly benefit offered to employees. Employer-paid subsidies are the second most common choice, however on average, 10 percent of companies only offer this option.

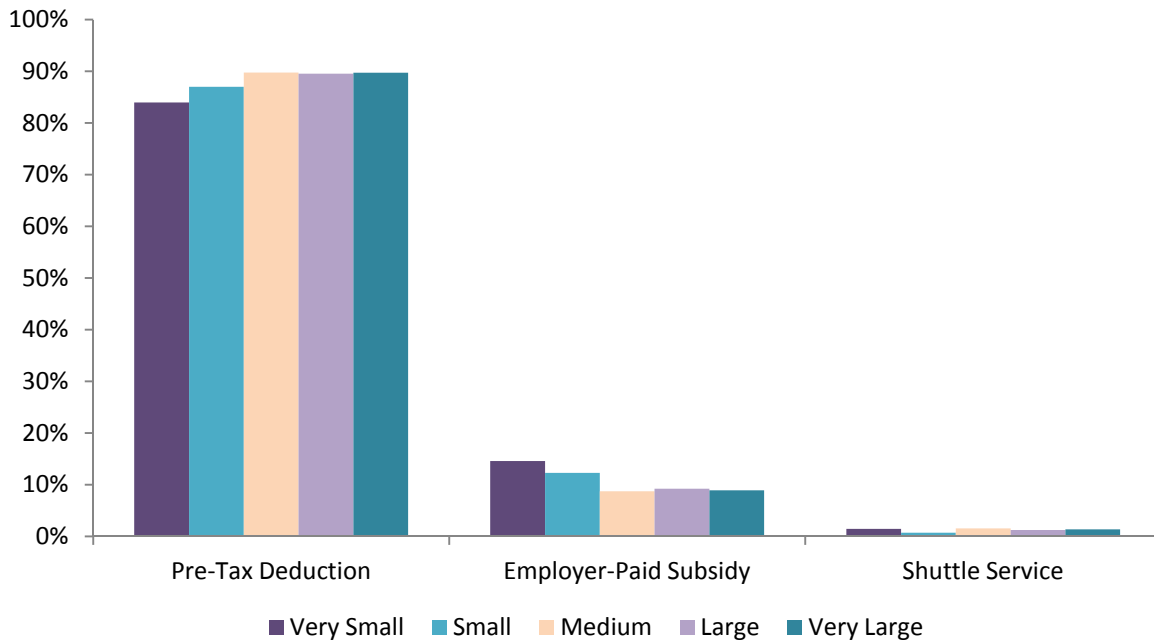


Figure 9. Benefits Offered in Relation to Company Size

n = 3,166

3.6 VENDOR ADMINISTRATION FOR BENEFITS PROGRAMS

Vendors assist with administering commuter benefits programs, including making deductions, distributing fare media and providing customer service to participants. Vendors typically charge \$5 or less per participant per month, depending on services provided and the number of employees participating.

Many vendors offer different programs based on the level of time or financial commitment employers are willing to make, customizing options which range from very low-cost programs with active employer management to more comprehensive programs with minimal employer involvement.

In completing the compliance form, businesses were asked if they were using a vendor to administer the program. The responses, tabulated in Figure 10, indicate the use of these vendors has steadily increased to just over 60 percent in 2013.

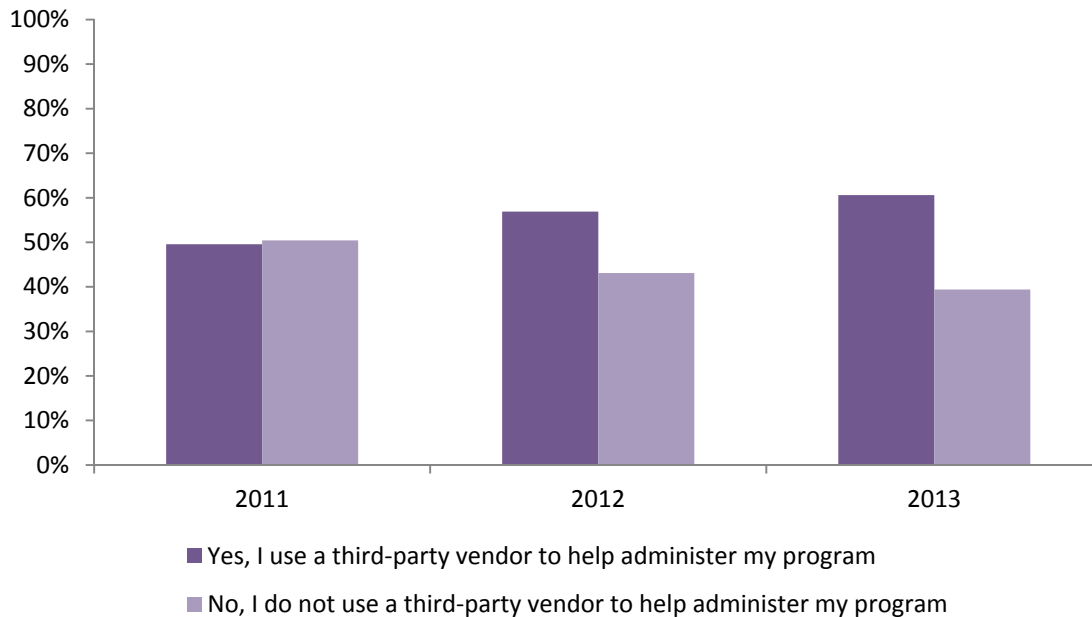


Figure 10. Vendor Contracting

n = 9,902

For small companies, administering the program internally is a good option to keep costs at a minimum. Administration of the program includes taking orders from employees, setting up deductions (in the case of pre-tax programs) and answering employee questions.

A vendor can perform these activities, especially for larger companies. However, as Figure 11 shows, over 50% of small companies indicated using a vendor to administer their benefit program.

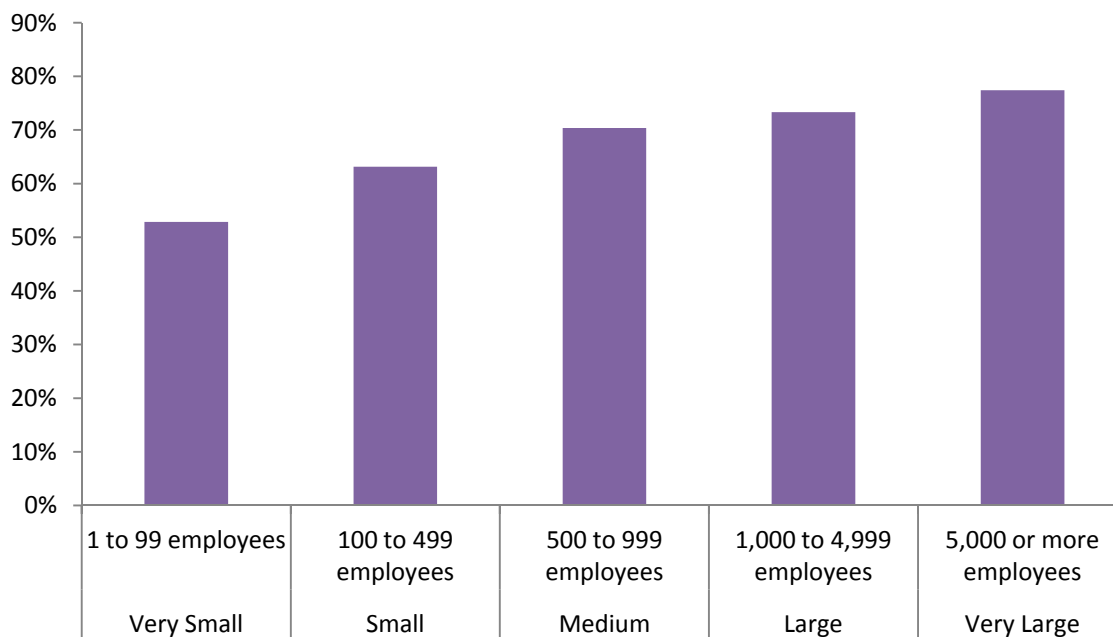


Figure 11. Use of Vendors by Company Size

n = 3,752

4. CONCLUSION

The 2013 compliance cycle received the highest number of reporting forms to date. Overall, the Commuter Benefits Ordinance has been instrumental in supporting employees to choose sustainable commute modes to work.

Analysis of the Commuter Benefits Ordinance for 2012-2013 fiscal year identified a number of positive conclusions:

1. **Supports clean transportation choices for employees.** Almost two-thirds of employers indicated their commuter benefits program is offered company-wide. However, this figure also includes companies that only have a location in San Francisco. Additionally, 32 percent of smaller, and therefore exempt, businesses offer a commuter benefits program. This Ordinance enhances commuter benefits for employees in San Francisco and nationwide while providing a framework for exempt companies who wish to have a commuter benefits program.
2. **Promotes a sustainable habit.** Out of the 400,000 eligible employees, roughly 23 percent of employees are using the program. This program provides an incentive for employees to travel sustainably to work rather than driving alone.
3. **Effective in reducing greenhouse gas emissions.** About 290,000 metric tons of CO₂ emissions were estimated to have been reduced due to the number of participants in this program. Showing a good reflection of the program and its ability to achieve program goals while supporting the city's larger goals of reducing GHG emissions.

4.1 AREAS FOR FUTURE IMPROVEMENT

Although the Ordinance has demonstrated significant results in the five years it has been in effect, there are aspects of the program which could be improved:

1. **Promote program visibility.** Compared to the previous year, 20,000 additional employees were reported using commuter benefits. However, participation rate has decreased by ten percent. Although more employers are offering commuter benefits programs, employees may not necessarily be aware of this program.

In order to promote this program and improve visibility of its benefits, the CommuteSmart team will be increasing its outreach. Current outreach methods include paper mailing, email reminders, SFE newsletters, and tabling at outreach events. Future methods to consider include advertising at transit agencies and on transit vehicles (e.g., bus ads).

Outreach could also be improved by targeting specific groups, such as:

- Exempt businesses
- Businesses with more than 5,000 employees

- Companies that offer free or reduced parking to employees

These companies generally have low participation rate and outreach towards these groups could increase program visibility and participation. For example, companies with fewer than 20 employees nationwide are exempt from the Ordinance. However, these businesses could save tax dollars and benefit in more ways by having this program.

To some degree, company culture and support of sustainability and multi-modal transportation options directly translates into employee adoption of such practices and values. Promoting available clean transportation programs may help enhance businesses' benefits package and culture at companies. These values will directly affect employees and help them think about their transportation choices commuting to and from work.

2. **Update compliance form information.** Employers have expressed a number of questions and suggestions which will be used to improve the annual compliance reporting form. The majority of questions relate to the difference between compliance and exemption, exemption categories, and multiple business registration certificate numbers.
3. **One-on-one consultations and materials in multiple languages.** In order to assist employers who are implementing a commuter benefits program, the CommuteSmart team offers free one-on-one consultations. Additionally, San Francisco is known for its diverse population, which can present opportunities to reach all types of businesses regardless of the primary language spoken.
4. **Translate Employer Guide to Spanish and Chinese.** The Employer Guide is a useful handbook with detailed information on each of the three commute benefits options and how to implement each program. This valuable material is currently available in English, which can limit the number of businesses who are required to comply but unable to understand the procedure. The CommuteSmart team will work with on-site translators to create an Employer Guide in additional languages to cater to the diversity of languages used in the city.
5. **Rideshare shuttle resources.** Over 100 companies offer a shuttle service for employees. To promote ridesharing with companies participating in commuter benefits, the CommuteSmart team could reach out to companies who have spaces available in their shuttles. Sharing a ride to work instead of driving to work can reduce stress, congestion, and commute time. In addition, companies utilizing a shuttle service can split the cost and save money on transportation expenses.

San Francisco Commuter Benefits Ordinance 2013 Compliance Form

The Commuter Benefits Ordinance requires San Francisco businesses with 20 or more nationwide employees to offer one of the following benefits to their San Francisco employees:

1. A monthly pre-tax deduction, up to \$245/month, to pay for transit or vanpool expenses.
2. A monthly subsidy for transit or vanpool expenses equivalent to the value of the San Francisco Muni Fast Pass (including travel on BART), currently \$76/month.
3. Shuttle service on a company-funded bus or van between employee home and place of business.

All businesses subject to the Ordinance must fill out a Compliance Reporting Form by April 30, 2013.

Please complete form online at www.commuterbenefits.org, or submit completed paper form:

- By email to commutesmart@sfgov.org
- By fax to (415) 554-6393
- By mail to 1455 Market Street, Suite 1200, San Francisco, CA 94102

To complete this from you will need your 6-digit San Francisco Business Registration Certificate number. If you do not know this number, please contact Taxpayer Assistance at treasurer.taxcollector@sfgov.org or (415) 544-4400. You can also find your Business Registration Certificate number on your Healthcare Security Ordinance Annual Reporting Form instructions.

NON PROFIT ORGANIZATIONS: Call (415) 355-3727 or email CommuteSmart@sfgov.org to find out which number you should use.

If you have any other questions about the 2013 Compliance Reporting Form or need assistance complying with the Ordinance, please call (415) 355-3727 or email CommuteSmart@sfgov.org.

Required questions are marked with a *. Incomplete forms will not be accepted.

Employer Information	
Business Registration Certificate Number (Must be 6 digits):*	
Business Name:*	
Business Website:	
Business Street Address (Headquarters):*	
Business Suite/Floor (Headquarters):*	
Business City (Headquarters):*	
Business State/Province/Region(Headquarters):*	Business Zip Code (Headquarters):*
Nationwide Employee Count:*	
Contact Name:*	Contact Title:*
Contact Email:*	Contact Phone Number:*
Please Indicate other Bay Area counties with business locations:*	
<input type="checkbox"/> Alameda <input type="checkbox"/> Contra Costa <input type="checkbox"/> Marin <input type="checkbox"/> Napa <input type="checkbox"/> San Mateo <input type="checkbox"/> Santa Clara <input type="checkbox"/> Solano <input type="checkbox"/> Sonoma	

San Francisco Address Information (if different than headquarters)	
Street Address:*	
Suite/Floor:*	
City:*	
State/Province/Region:*	Zip Code:*

Additional San Francisco Location Information	
Street Address:*	
Suite/Floor:*	
City:*	
State/Province/Region:*	Zip Code:*

Additional San Francisco Location Information	
Street Address:*	
Suite/Floor:*	
City:*	

State/Province/Region:*	Zip Code:*
-------------------------	------------

Additional San Francisco Location Information	
Street Address:*	
Suite/Floor:*	
City:*	
State/Province/Region:*	Zip Code:*

Additional San Francisco Location Information	
Street Address:*	
Suite/Floor:*	
City:*	
State/Province/Region:*	Zip Code:*

If you have more than 5 locations in San Francisco, you may attach a document listing all business locations.

Program Information	
This business is:*	
<input type="checkbox"/> Exempt from the Commuter Benefits Ordinance <input type="checkbox"/> Required to comply with the Commuter Benefits Ordinance	
My business offers Pre-Tax Transit/Vanpool Deductions:*	<input type="checkbox"/> Yes <input type="checkbox"/> No
My business offers an Employer-Paid Subsidy for Transit/Vanpool:*	<input type="checkbox"/> Yes <input type="checkbox"/> No
My business offers an Employer-Paid Subsidy for Bicycle Maintenance:*	<input type="checkbox"/> Yes <input type="checkbox"/> No
My business offers an Employer-Paid Shuttle Service:*	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did you start your commuter benefits program because of the Commuter Benefits Ordinance?*	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is your commuter benefits program:*	<input type="checkbox"/> Company-Wide <input type="checkbox"/> Just in San Francisco
Did you begin offering your commuter benefits program company-wide because of the Ordinance?*	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you use a third-party vendor to help you administer your program?*	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, please state the third-party vendor that helps administer your program:	
As of today, how many San Francisco employees are eligible for your commuter benefits program?*	

As of today, how many San Francisco employees are participating in your commuter benefits program?*	
Any additional information you would like to include:	
How were you notified to fill out the Compliance Reporting Form?* <input type="checkbox"/> Email from the Department of the Environment <input type="checkbox"/> Mailing about the Commuter Benefits and Healthcare Ordinances <input type="checkbox"/> By a colleague at my organization <input type="checkbox"/> Business association announcement <input type="checkbox"/> Social Media <input type="checkbox"/> Other:	
Would you like to be added to our email list to receive periodic updates on the Commuter Benefits Ordinance, transit changes, and other San Francisco transportation news?*	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have any further questions about the Ordinance? Include your question(s) below and Department of the Environment staff will contact you.	

By signing this verification, I certify that the information on this Compliance Reporting Form is accurate and true to the best of my knowledge.

Signed by:	Date:
Signature:	

Be recognized for the great efforts your company is making towards Commuting Smart! Let us know about your program to be considered for the first annual CommuteSmart awards!

By signing this verification, I agree to allow SF Environment to include my business name on their website for the purpose of inclusion in the CommuteSmart recognition program.

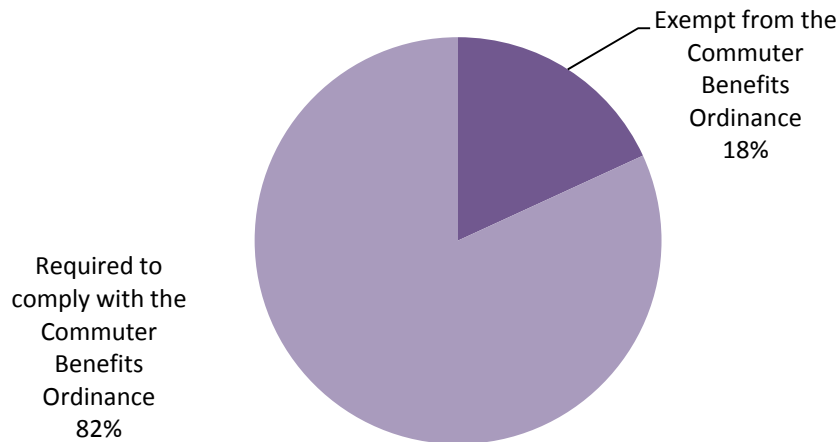
Signed by:	Date:
Signature:	

APPENDIX B – RESULTS BY QUESTION

Question 1a: This business is a) Exempt from the Commuter Benefits Ordinance or b) Required to comply with the Commuter Benefits Ordinance.

n = 4,279

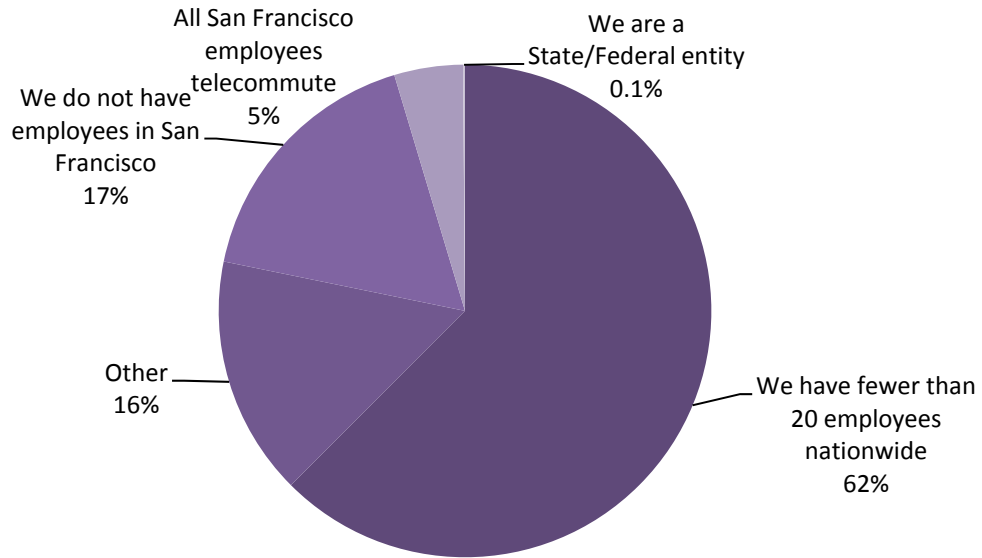
More than 80 percent of businesses reporting were required to comply with the Ordinance for FY 2012-2013. Many companies exempt from the Ordinance do not submit a form, thus the overall percentage of exempt businesses may be higher than reported.



Question 1b: How is your business exempt from the Ordinance?

n = 776

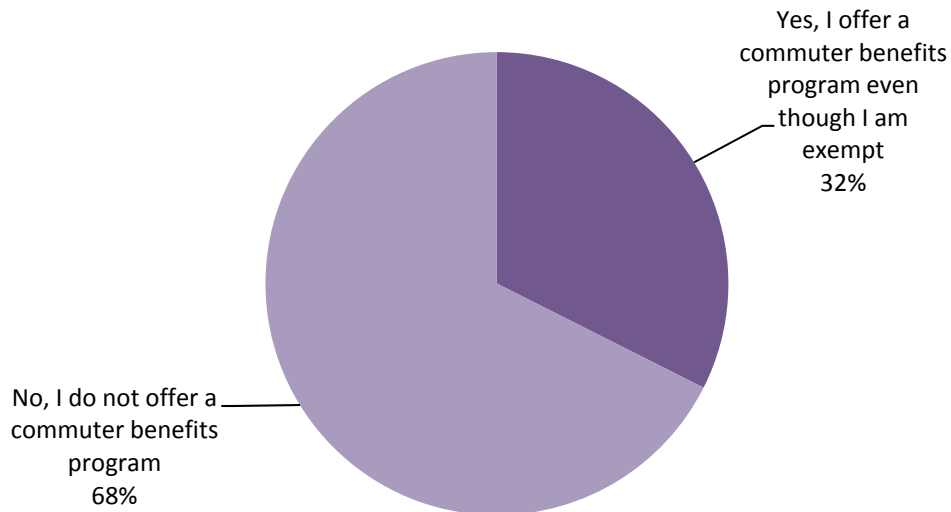
More than half of businesses claiming exemption reported having fewer than 20 employees nationwide. Other common reasons for exemption include 'We do not have employees in San Francisco' and 'Other.' Businesses who reported other reasons for their exemption include construction companies and businesses that require employees to drive specialty vehicles. CommuteSmart staff will follow up with exempt businesses to confirm their status.



Question 1c: Even though you are exempt, do you offer a commuter benefits program?

n = 774

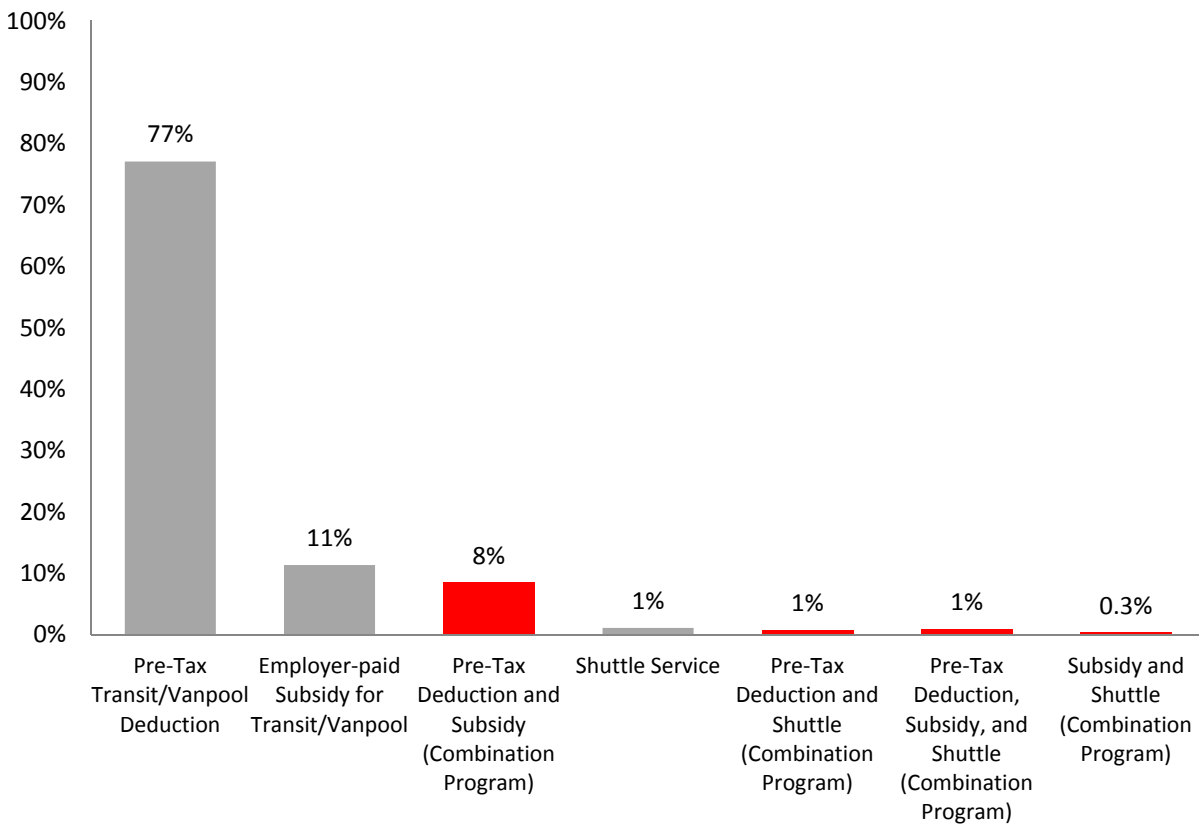
Although businesses exempt from the Ordinance are not required to provide commuter benefits to their employees, the overall goal of this law is to reduce the number of commuters driving alone to work. Almost one-third of these exempt companies offer a commuter benefits program to their employees as of 2013, showing a slight increase from 2012. This also indicates an opportunity for increased outreach to these businesses.



Question 2: My business offers the following benefit(s):

n = 3,543

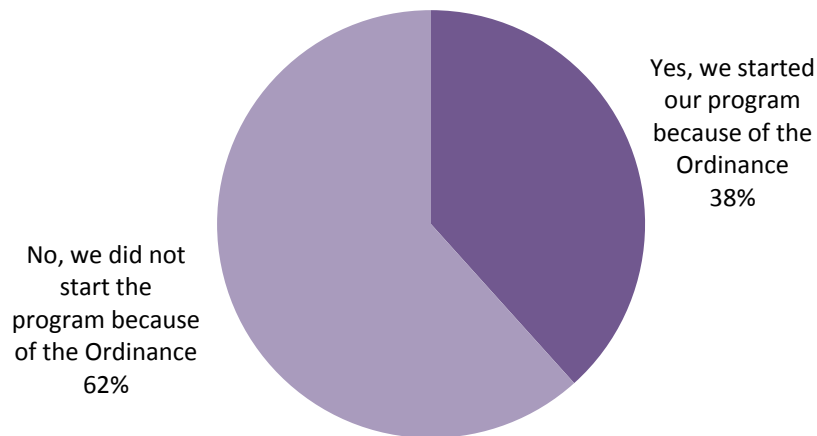
Nearly 80 percent of businesses offer the pre-tax transit/vanpool deduction benefit to employees. Employer-paid subsidies were the next most popular benefit option, with 11 percent of businesses opting for this program. About eight percent of employers opted to offer a combination of a deduction and subsidy. Through this combination program, employers are able to offer a subsidy amount in conjunction with the pre-tax deduction option as long as the total amount does not exceed the current pre-tax spending limit.



Question 3: Did you start your commuter benefits program because of the Commuter Benefits Ordinance?

n = 3,759

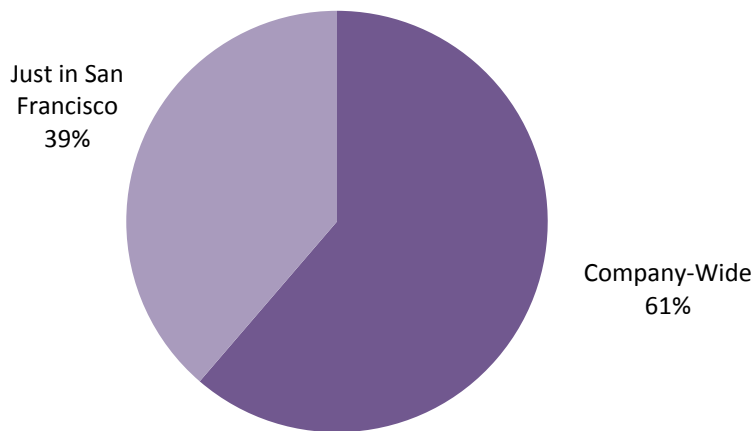
38 percent of non-exempt businesses reported offering a commuter benefits program as a result of the Ordinance. While the majority of employers indicated that they did not start the program because of the Ordinance, this could apply to companies with a commuter benefits program in place.



Question 4a: Is your commuter benefits program a) Company-wide or b) Just in San Francisco?

n = 3,759

Nearly two-thirds of businesses offer commuter benefits to employees throughout their company. However, companies who indicate offering the program to employees “just in San Francisco” also include companies that only have a location in San Francisco.

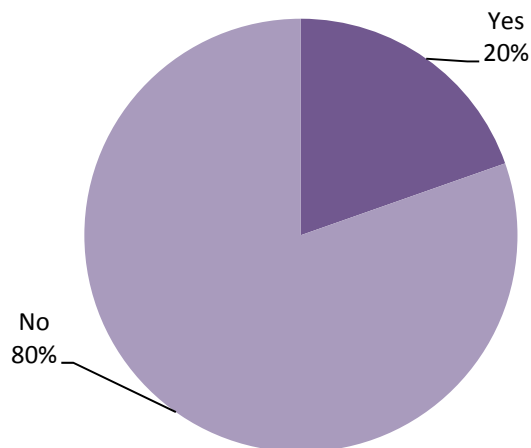


Question 4b: Did you begin offering your commuter benefits program company-wide because of the Ordinance?

n = 2,304

Out of the companies who reported having a commuter benefits program company-wide, 20 percent indicated they began doing so because of the Ordinance. The majority of businesses with a company-wide commuter benefits program have already had a program in place before the Ordinance. Compared to the previous fiscal year, there is a 4 percent increase in the number of companies that

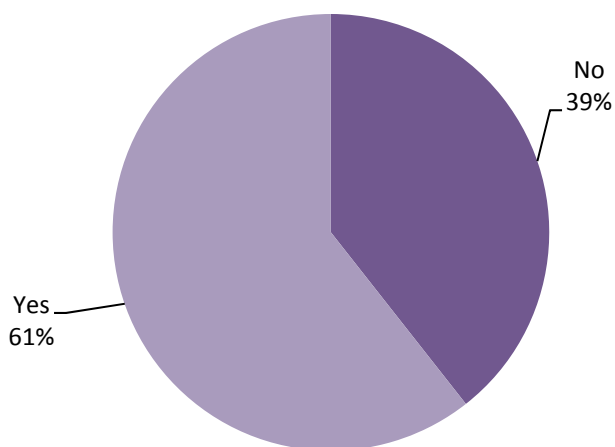
reported offering commuter benefits to all employees within the company. While Question 3 demonstrates the ability of the Ordinance to create change in San Francisco, this information indicates one-fifth of businesses were prompted by the Ordinance to make the benefit available to all employees.



Question 5a: Do you use a third-party vendor to help you administer your program?

n = 3,759

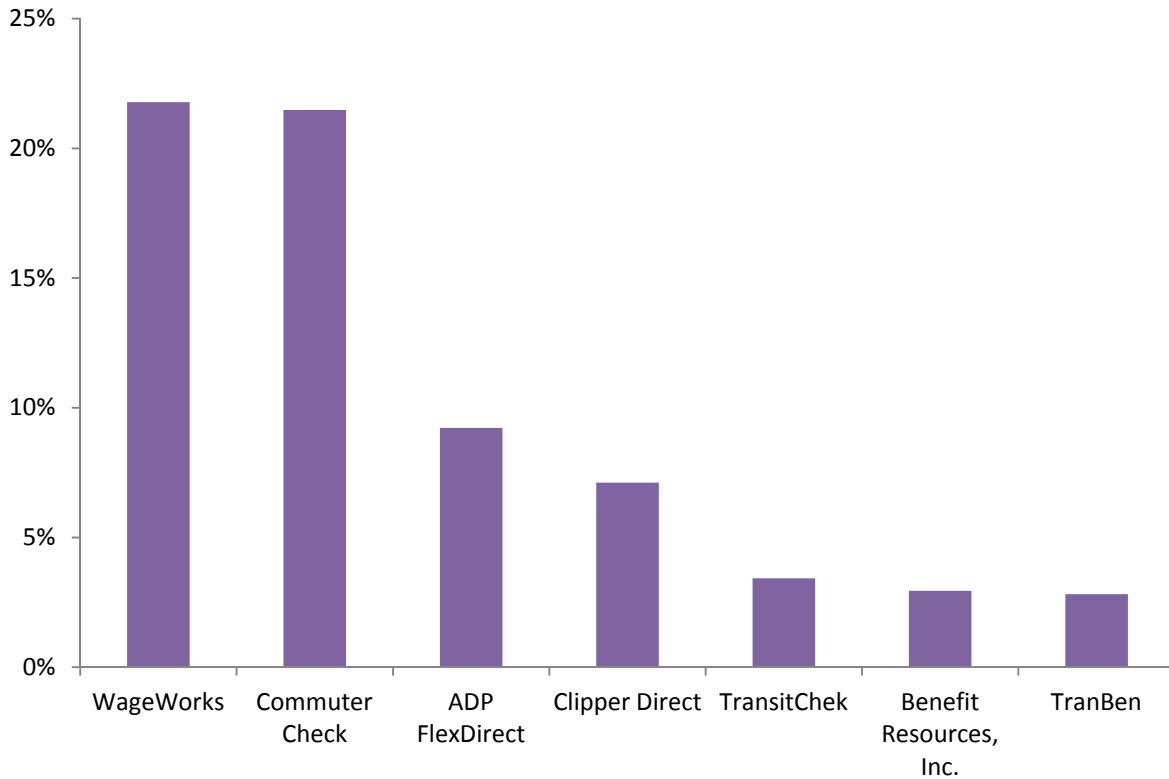
61 percent of businesses reported using a third-party vendor to offer commuter benefits to employees. Working with a vendor ensures that commuter benefits are being offered in keeping with IRS regulations.



Question 5b: If yes, what is the name of the vendor?

n = 2,277

Companies using a third-party vendor were then asked which vendor they are working with to provide commuter benefits for employees. WageWorks and Commuter Check are among the top vendors companies are using. The number of businesses using Commuter Check has increased by more than 10 percent, or doubled, compared to the previous fiscal year.

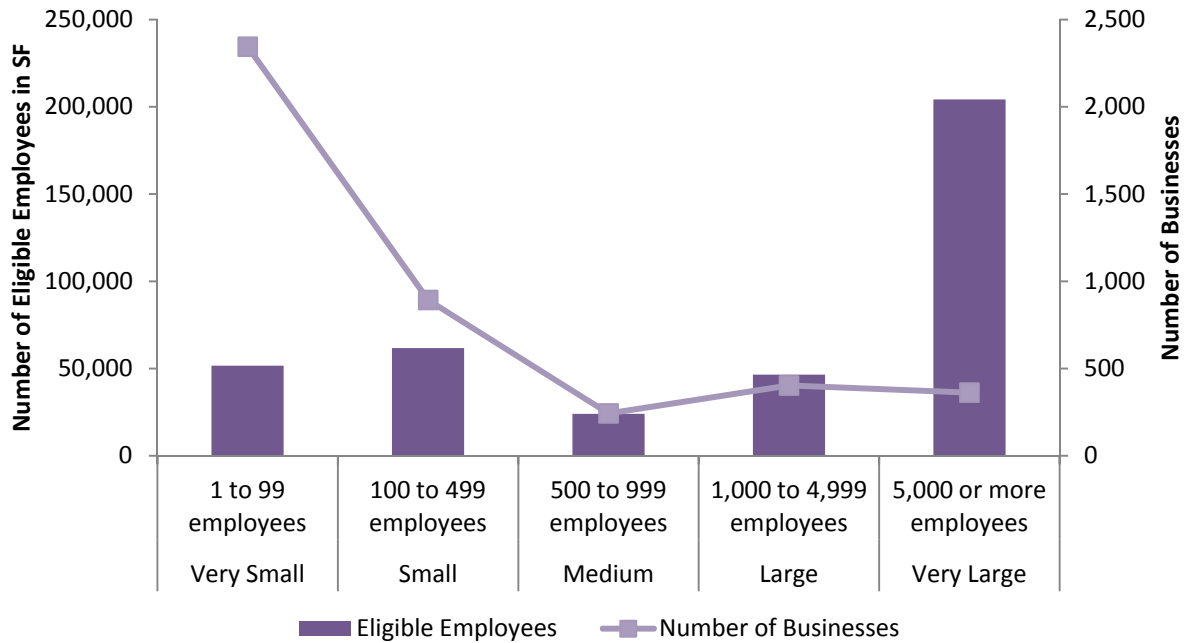


Question 6: As of today, how many San Francisco employees are eligible for your commuter benefits program?

n = 388,120

In aggregate, companies reported approximately 400,000 total employees in San Francisco who are eligible to participate in commuter benefit programs. Although very small companies comprise of more than 55 percent of all companies, the number of eligible employees is less than that of small and very large companies. Most of the eligible employees work at very large companies with 5,000 or more employees nationwide. Medium sized companies were the least represented of all the companies and also had the fewest number of eligible employees.

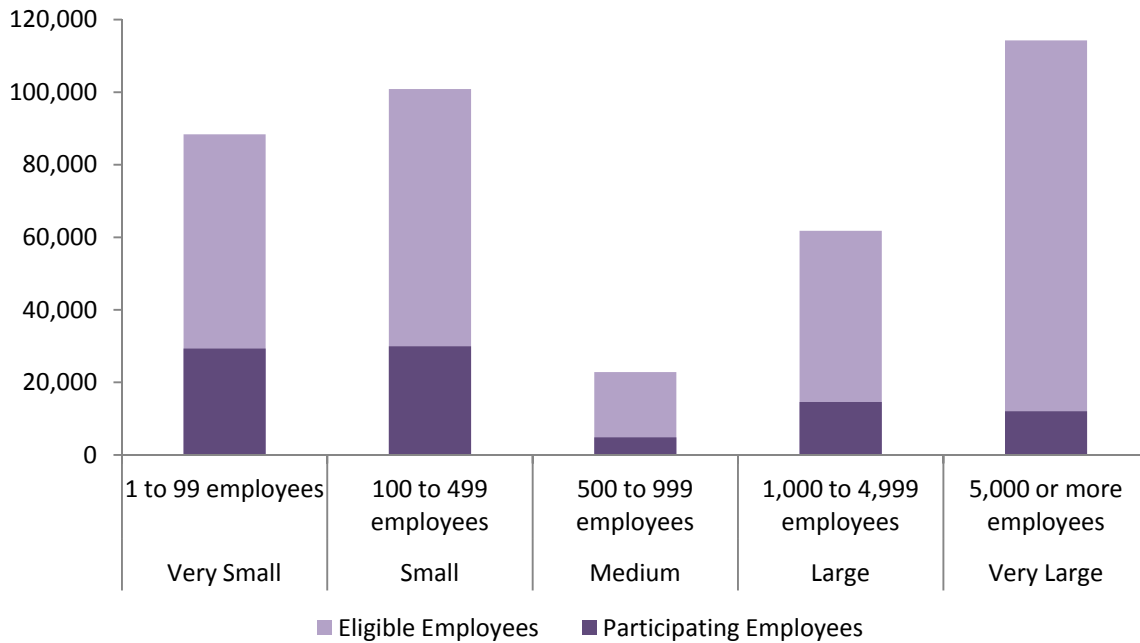
The number of businesses shown below is inclusive to businesses that have filed a reporting form.



Question 7: As of today, how many San Francisco employees are participating in your commuter benefits program?

n = 90,723

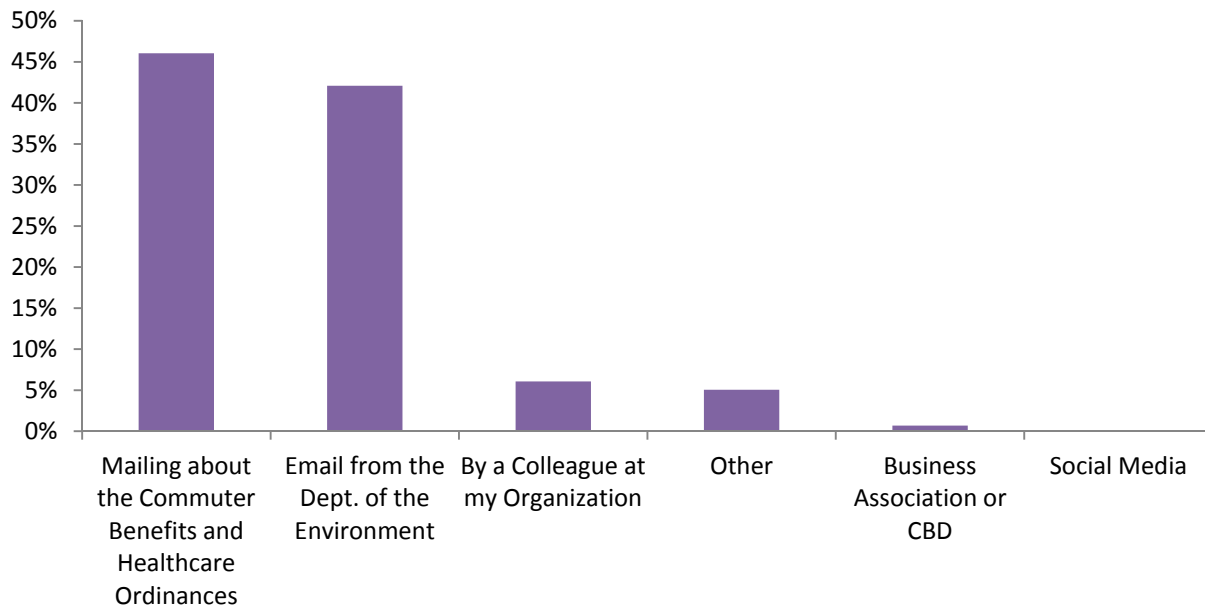
Out of the 380,000 eligible employees, about 25 percent were participating in commuter benefits programs in FY 2012-2013 at reporting companies. The majority of participants work at very small or small companies, a combined average of 31 percent, with fewer than 500 employees.



Question 8: How were you notified to fill out the Compliance Reporting Form?

n = 4,279

About 90 percent of compliance reporting forms were completed because of a notification sent through postal mailings and emails from the San Francisco Department of the Environment. The majority of businesses who indicated “other” responded they had already filed the form in previous years and have created an annual calendar reminder.



APPENDIX C – SAMPLE PROMOTIONAL MATERIALS

FRONT OF SAMPLE PAYCHECK INSERT

<Enter Company Name> is pleased to offer Commuter Benefits to you!

Insert
Company Logo

What is Commuter Benefits?

Commuter Benefits is a federal transportation benefit program that allows employees to save on their transit costs by deducting their commute expenses pre-tax from their paycheck each month. You, the employee, save money because you don't pay taxes on the money you deduct. When you sign up for Commuter Benefits pre-tax deductions, we will make your requested deduction on the <enter monthly deduction date> of the month and deliver your transit benefits to you by <enter date each month employees will receive their benefit>.

Example: <change this example to reflect your program procedures.> It's the month of February. You enroll in Commuter Benefits and you elect to have \$76 deducted from your paycheck pre-tax and would like to get that \$76 as a monthly Muni Fast Pass "A". You will see a \$76 pre-tax deduction on the last paycheck of the month. You will receive a voucher to purchase your Muni Fast Pass "M" from your employer prior to the 1st of March.

Quick Questions:

How much can I deduct each month? You can deduct up to \$245/month from your paycheck on a pre-tax basis.

How will I receive my benefit? Employees can choose to receive their benefit in these forms:

<enter what you will be offering (i.e. transit vouchers/debit cards, Clipper Cards, etc)>

How do I sign up? Employees need to fill out an enrollment form, they can be found at <enter location>.

BACK OF SAMPLE PAYCHECK INSERT

Important Dates to Remember:

- <Here you want to tell employees when they can enroll, change, or cancel orders>
- <Here you want to tell employees when they will receive their transit orders>
- <Here you want to tell employees where their benefit will be delivered or where they can pick it up>
- <Include any other relevant dates for your business here>

Need More Information?

Contact Name: _____

Office Hours: _____

Office Location: _____

at <ADDRESS, EMAIL, PHONE>

Insert Company
Logo Here

Commuter Benefits Employee Interest Survey

<Edit this survey to fit your organization>

Dear Valued Employee,

We are in the process of implementing a new employee benefit for transit and vanpool riders. To help us create a program to match your needs, we are conducting an interest survey. **This is not an enrollment form.**

How would it work?

By enrolling in the commuter benefits program, you could save money each month on your transit, rideshare or bicycle commute.

1. Would you be interested in participating? **Yes** **No**
2. How do you currently get to work? Circle all that apply.
Personal Car **Transit** **Carpool/Vanpool** **Bike** **Walk** **Other: _____**
3. If you ride transit, which transit agencies do you ride? Check all agencies that apply.

- AC Transit
- ACE
- Alameda Harbor Bay Ferry
- Alameda/Oakland Ferry
- American Canyon Transit
- Amtrak
- Angel Island-Tiburon Ferry
- BART
- Benicia Breeze
- Blue & Gold Fleet
- Caltrain
- County Connection
- Dumbarton Express
- Fairfield and Suisun Transit (FAST)
- Golden Gate Ferry
- Golden Gate Transit
- Hornblower Alcatraz Ferry
- Petaluma Transit
- Rio Vista Delta Breeze
- SamTrans
- San Francisco Muni

- Santa Clara VTA
- Santa Rosa CityBus
- Sonoma County Transit
- St. Helena VINE
- Tri Delta Transit
- Union City Transit
- Vacaville City Transit
- Vallejo Baylink Ferry
- Vallejo Transit
- VINE (Napa County)
- WestCAT
- WHEELS
- Yountville Shuttle
- Other: _____

- a. Does your transit agency accept the Clipper Card? **Yes** **No**
- b. If yes, would you want your commuter benefits order on a Clipper Card? **Yes** **No**
- c. What benefit (pass/ticket/e-cash) would you order through Commuter Benefits?

- d. How much does this benefit (pass/ticket/e-cash) cost?

4. What is your home ZIP code? _____
5. What time do you typically commute TO work? _____
6. What time do you typically LEAVE work? _____
7. What days do you typically work? Circle all that apply.
Sunday Monday Tuesday Wednesday Thursday Friday Saturday

Please complete this survey before **<enter date>** and return to **<enter contact name or office location>**. After we have a program in place, we will issue a follow-up announcement with enrollment information.

In the mean time, if you have further questions about Commuter Benefits, please contact:

- <enter Contact Name>**
- <enter Contact Phone Number>**
- <enter Contact Email>**
- <enter Contact Office Location>**