

# **AMES TRANSIT AGENCY BOARD OF TRUSTEES CYRIDE CONFERENCE ROOM**

November 1, 2016

1. CALL TO ORDER: 8:00 A.M.

**(Approval of October 18 and 26, 2016 Minutes  
Will Be Included on November 30, 2016 Agenda)**

2. Public Comments

3. CyRide Facility Roof Project Award of Bid

4. Affordable Care Act (ACA) Impact on Operations

5. Set Fall Semester Meeting Times and Place:

- November 30, 2016, 8:00 AM

6. Adjourn

**CITY OF AMES, Iowa**

**MEMO TO:** Ames Transit Board of Trustees  
**FROM:** Sheri Kyras  
**DATE:** November 1, 2016  
**SUBJECT:** CyRide Facility Roof Project Award of Bid

**BACKGROUND:** CyRide included a 2016-2017 capital project in its Capital Improvement Plan (CIP), approved by the Transit Board in January 2016, for the replacement of CyRide’s roof, over the original portion of its building. Bid plans and specifications called for its replacement, which is currently no longer under warranty, was replaced prior to 1999 and has developed multiple leaks in recent years. The roof type would change from the current ballasted type roof to a mechanically-fastened PVC roof system, which is similar to what has been installed on new areas of CyRide’s facility. The budgeted cost in the CIP was \$375,000, secured from the following sources.

<b>Funds Available</b>	<b>Dollars</b>
State PTIG Funds (STA-IG-015-FY17)	\$ 320,000
CyRide’s Capital Budget	\$ 55,000
<b>Total Available</b>	<b>\$ 375,000</b>

**INFORMATION:** Since approval of the CIP, CyRide’s Fleet & Facilities Director, Rich Leners has worked with ASK Studio to develop plans and specifications for this project. This was completed in September 2016, with a bid released on September 28, 2016. Bids were due on October 26, 2016.

Six bids for the project were received from area companies as illustrated on the attached bid form. Academy Roofing & Sheet Metal located in Des Moines, Iowa submitted the low base bid of \$278,500. With a project budget of \$375,000 and a favorable base bid, CyRide will be able to consider accepting the only alternate to the project, which calls for the replacement of existing skylights with new units. Academy Roofing’s bid for Alternate No. 1 was \$28,500. The total project cost to accept the bid and alternate from Academy Roofing would be \$307,000, which would leave \$68,000 for contingencies, if needed.

**ALTERNATIVES:**

1. Award a construction contract to Academy Roofing & Sheet Metal of Des Moines, Iowa for the base bid amount of \$278,500 and Alternate No. 1 for \$28,500, for a total of \$307,000. Award of contract would be subject to approval by the Iowa Department of Transportation's Office of Public Transit and the Ames City Council.
2. Reject Alternative #1 and direct staff to modify the project to reflect Transit Board priorities.

**RECOMMENDATION:**

The Transit Director recommends the approval of Alternative #1 to proceed forward with a needed facility improvement project, which reflects federal state of good repair program criteria, and received a favorable bid price.

<b>CITY OF AMES, IOWA</b>	<b>5% Bid Bond</b>	<b>Bidders Status Form</b>	<b>Addendum #1</b>	<b>Provide all labor, equipment, materials, and other components necessary to complete the CyRide Reroofing 2016 in accordance with Plans and Specifications.</b>	<b>Proposed Start Date:</b>	<b>Proposed Completion Date:</b>	<b>ALTERNATE No. 1: Replace all existing skylights with new units and accessory items such as protection screen, specified in 08 6200.</b>
Mike Adair, Procurement Specialist II Ph: 515-239-5125 Fax: 515-239-5325							
<b>BID NO. 2017-047</b>							
<b>CyRide Reroofing 2016</b>							
<b>BIDDERS</b>							
Academy Roofing & Sheet Metal	Yes	Yes	Yes	\$278,500.00	60 Days from contracts	5/1/2017	\$28,500.00
Central States Roofing	Yes	Yes	Yes	\$294,000.00	3/15/2017	5/20/2017	\$28,300.00
Black Hawk Roof Company	Yes	Yes	Yes	\$321,200.00	12/12/2016	3/13/2017	\$39,800.00
T & K Roofing & Sheet Metal Inc.	Yes	Yes	Yes	\$362,355.00	3/13/2017	4/8/2017	\$27,300.00
Wood Roofing Company	Yes	Yes	Yes	\$382,178.00	12/1/2016	5/31/2017	\$39,980.00
Brockway Mechanical & Roofing	Yes	Yes	Yes	\$393,780.00	1/3/2017	5/30/2017	\$30,400.00

**CITY OF AMES, Iowa**

**MEMO TO:** Ames Transit Board of Trustees  
**FROM:** Sheri Kyras  
**DATE:** November 1, 2016  
**SUBJECT:** Affordable Care Act (ACA) Impact on Operations

**BACKGROUND:** At the October 18, 2016 Transit Board of Trustees meeting, board members and staff discussed the implementation challenges of the ACA on CyRide operations, possible solutions, and funding sources for this unplanned budget impact. The Transit Board directed staff to provide additional information on the following at a meeting on November 1, 2016.

- **Option/Non-Compliance Cost** – Develop cost estimates for each option using assumptions on unknown costs in the following areas:
  - Additional cost to CyRide (insurance, overtime, administrative, etc.)
  - Potential financial exposure due to timing of changes
- **Peer Contact** – Identify transit systems with similar workforces to determine how they have addressed ACA
- **Legal Review** – Retain outside legal expertise familiar with transit systems to review solution options presented to the board at the October 18, 2016 meeting

CyRide’s 2016-2017 budget for employee health insurance is \$628,020. Through September 30, 2016, CyRide had incurred \$183,210.44, with an annual projection, based on this first quarter, of \$732,842. If the annual projection is accurate, CyRide will be over-budget on this line item by \$104,822.

CyRide’s unaudited closing balance for 2015-2016 is slightly higher than \$1.5 million, with 2015-2016 operating expenses totaling \$9,791,150. Therefore, a 10% closing balance, per board direction, would result in \$532,126 in excess of 10%. Audited figures are anticipated to be available from the City’s Finance Department near the end of November.

**INFORMATION:** CyRide staff has developed information as requested at the October 18<sup>th</sup> meeting, as well as information on how/when insurance is currently offered to its drivers as background material for this discussion. Each of these topics is detailed below.

## **Background Information on Driver's Insurance**

CyRide currently employs approximately 170 drivers in two classifications (CyRide's definition as opposed to ACA definition):

- **Full-Time (24 drivers)** – 38-40 hours per week in one work status: Full-time employees
- **Part-Time (146 drivers)** – 15-38 hours per week in two work status: ½ or ¾ time employees

**Full-Time Employees** – Drivers in this category are currently offered insurance at the full-time employee status rate for single or family coverage under two Wellmark insurance plan options (Alliance Select, Blue Advantage). The monthly employer's contribution for single and family plan coverage is attached. Drivers may elect insurance prior to becoming full-time employees (usually after 6-8 years), but the lower, full-time employee contribution rate would apply when promoted to this work status.

**Part-Time Employees** – Drivers in this category are currently offered single insurance coverage at either a ½ time (under 30 hours) or ¾ time (over 30 hours) work status when they are hired; however, they are required to pay 100% of the premium prior to reaching Step C in the City of Ames Pay Plan. Based on their union contract, drivers achieve this step when they have worked 8,320 hours (approximately 48 months) at CyRide. When reaching Step C, they are then eligible for single insurance coverage, at a premium rate based on their ½ time or ¾ time work status. The employee-employer share is reflected in the attached table.

## **Steps to ACA Compliance Within CyRide**

To bring CyRide into compliance with the ACA, there are health insurance changes within three groups of CyRide employees that would be required:

- **Part-Time employees that worked over 1,560 hours** (in the last ACA measurement period April 1, 2015 to March 31, 2016) – This represents 14 CyRide employees that must be offered health insurance. This coverage will be extended per board discussion at the October 18, 2016 meeting. No further action is required to comply with ACA.
- **Part-Time employees scheduled over 30 hours** – There are approximately 42 individuals that chose a weekly schedule with 30 or more hours during the current budget year. Under ACA they should be offered single/family plan coverage.
- **Employees that have achieved Step C in the City's Pay Plan** - These individuals were offered single coverage, per the union contract, and must be offered family coverage per ACA. There are sixteen employees in this situation (11 employees currently receiving single coverage only and five employees that have just achieved this step).

The following information will provide additional information regarding the two remaining health care issues to address (part-time employees over 30 hours and Step C drivers insurance).

**Part-Time Employees Scheduled over 30 Hours**

**Option/Non-Compliance Cost (Additional Cost to CyRide)** - At the October 18<sup>th</sup> meeting, staff categorized costs into highest, higher, high and least costly in an effort to distinguish between the different options presented to board members. Since that time, staff has worked to establish assumptions regarding costs in order to provide a more refined distinction between the five options, based on the following additional expense categories.

- **Payroll costs** – Additional time to monitor employee hours and provide Human Resources and Finance Departments with information
- **Insurance Costs** – Additional cost of insurance offered to employees to comply with ACA
- **Overtime Costs** – Additional cost of overtime due to full-time employees working unassigned work as opposed to part-time employees or loss of employees due to the impact an option has on employee work.
- **Training Costs** – Additional costs to train employees needed to meet current staffing requirements due to a loss of employees
- **Personnel Costs** – Additional costs to employ operational staff to meet new demands of each option, such as additional Trainers, Payroll Clerk, etc.
- **Unemployment Costs** – Additional costs to pay unemployment to employees scheduled over 30 hours that do not have summer hours.

The table below provides the assumptions used for the calculations under each option.

Option	Assumption/Calculations
<b>1 – Reclassify Driver Positions</b>	<ul style="list-style-type: none"> <li>• <b>Payroll time</b> - 2 hrs/month x \$28/hr.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Insurance costs</b> - 100% over 30 hrs. take coverage, 75% at single, 25% at family plan</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>OT costs</b> - 5,482.8 hrs/yr x \$23.95/hr. (highest full time wage rate)</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Training cost</b> - CyRide would lose 50% of its employees over 30 hrs. (21 people @ \$3,200 per trainee)</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Unemployment costs</b> - CyRide &gt; 30 hr. people, not part of 24 full-time, would be laid off in the summer. (71 employees x \$17.59/hr. average x 36 hrs. per week x 10 weeks) x 60%</li> </ul>
<b>2 – Reclassify Driver Positions, Add Variable Positions</b>	<ul style="list-style-type: none"> <li>• <b>Payroll time</b> - 2 hrs/month x \$28/hr.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Insurance costs</b> - 100% over 30 hrs. take coverage, 75% at single, 25% at family plan</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>OT costs</b> - 20% less than option 1 as &lt; 30 hr. employees would be able to take hours not at OT</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Training cost</b> - CyRide would lose 25% of its employees over 30 hrs. (10 people @ \$3,200 per trainee)</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Unemployment costs</b> - CyRide &gt; 30 hr. people, not part of 24 full-time, would be laid off in the summer. (71 employees x \$17.59/hr. average x 36 hrs. per week x 10 weeks) x 60%</li> </ul>

Option	Assumption/Calculations
3 – No Change	<ul style="list-style-type: none"> <li>• <b>Payroll time</b> - 2 hrs/month x \$28/hr.</li> <li>• <b>Insurance costs</b> - 100% over 30 hrs. take coverage, 75% at single, 25% at family plan</li> </ul>
4 – Everyone is Offered Insurance	<ul style="list-style-type: none"> <li>• <b>Insurance costs</b> - 100% of all employees take coverage, 75% at single, 25% at family plan</li> </ul>
5 – Eliminate Full-Time Employee Positions	<ul style="list-style-type: none"> <li>• <b>Insurance costs</b> - 10% of 1/2 time employees take coverage at single rate</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Training costs</b> - Lose 24 FT, 3/4 of &gt;30 hr employees – 50 in total. Would need to replace with 100 &lt;30 hr, employees @ \$3,200 cost/trainee</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Workforce</b> - 225 drivers, increase of 55 drivers</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Additional Trainers</b> - 3 (currently 50 trainees/yr. with 3 trainers, 100 new employees needed so double the number of trainers would be needed)</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Additional Supervisors</b> - 2 (with 55 more drivers will need more supervisory staff)</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Uniform Cost</b> - 55 additional drivers x \$300 per employee</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Payroll Clerk</b> - monitor hours to ensure no one goes over 30 hrs. and to manage larger # of driver payroll</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Facility</b> - Will need more office space currently not available at CyRide facility</li> </ul>

CyRide staff is in the process of refining these costs/assumptions and will provide an update, with estimated cost for each option, at the meeting.

Susan Freed of the Davis Brown Law Firm in Des Moines is preparing information regarding the financial risk of non-compliance with the ACA. This information will be handed out at the meeting. Susan will also be available via conference call if the transit board would like further clarification or discussion of this material as presented by the Human Resources Director. Additionally, Susan will have reviewed each of the options to determine their compliance with ACA, as well as may offer additional options, if others are available. This information will be presented to board members at the meeting as well.

**Peer Contact**

CyRide requested information from the following seven transit systems regarding their work and health insurance policies before and after the Affordable Care Act’s implementation. (The systems with a star behind their names were included in CyRide’s System Redesign Study’s Peer Group.)

- **CATA\*** - State College Pennsylvania (Penn State Univ.)
- **Citibus\*** – Lubbock, Texas (Texas Tech University)
- **Chapel Hill Transit\*** – Chapel Hill, N. Carolina (University of North Carolina)
- **CityBus\*** – Lafayette, Indiana (Purdue University)



- **Blacksburg Transit** – Blacksburg, Virginia (West Virginia University)
- **StarTrans** – Lincoln, Nebraska (University of Nebraska)
- **DART** – Des Moines, Iowa

The following briefly details information received to-date from each.

**Blacksburg Transit** – Blacksburg Transit employs 14 full-time and 91 part-time drivers with a seasonal ridership variation from school year to summer of 22,000 rides versus 2,500. All part-time drivers work less than 30 hours per week so are not offered health insurance. They have not changed work rules (other than instituting a 1,500 hour limit for part-time employees), or health insurance policies as result of ACA.

**Option Followed:** Variation of #5, adding a small number of full-time drivers

**DART** – Des Moines has changed its health insurance policies over the past ten years based on union contract changes and the ACA. Ten years ago, approximately 40% of its workforce was part-time and 60% full-time, with part-time drivers receiving no health insurance benefits. Today, part-time drivers are offered health insurance at a “bronze level” recognized by the ACA. They used their Benefits Administrator, Holmes Murphy, to guide their policy changes.

**Option Followed:** Option 4

If additional information is received prior to the board meeting, this information will be shared with board members.

**Employees that have achieved Step C in the City’s Pay Plan**

As a result of the IUOE union contract covering CyRide drivers, employees that have chosen to take health insurance when achieving Step C in the City’s Pay Plan have been offered single coverage and, under the ACA, must be given the opportunity to receive family coverage. As a result, CyRide has 16 employees that currently receive single insurance or have recently achieved Step C, which must be offered family coverage. The financial impact of this change is estimated between \$50,000 and \$115,000, with the lower amount the most likely expense.

**Legal Expertise**

Both CyRide and City Human Resources staff have been searching for a legal expert that has experience with transit systems and, to-date, have not been able to identify an individual/firm with this technical and work experience combination. CyRide staff contacted the American Public Transit Association’s (APTA) Chief Legal Counsel to determine if he had been, or was aware of, legal counsel around the nation that had been working with transit systems on this issue. He indicated that he was not aware of any with this combination of expertise. Further, he indicated that he was aware of individuals that have become experts in this field in the Washington DC area. He also reached out to two APTA committees meeting the week of October 24<sup>th</sup> and asked the transit professionals attending these meetings if they were aware of

legal counsel with the required qualifications, but none could provide names of individuals meeting the criteria.

The City’s Human Resources Director requested that the current legal counsel advising her department on the ACA, Susan Freed, to reach out to her colleagues on trying to identify legal expertise with transit experience. Through these conversations it was her colleague’s opinions that the expertise needed was in variable hour industries, such as hospitals, as opposed to experience in one specific industry. The Human Resources Director also searched the internet for individuals meeting the requested criteria and found ACA legal experts; however, additional detail regarding their experience was not provided. Additional research would be required to determine if individuals had worked with the transit industry.

As a result, CyRide and City staffs have continued to work with Susan Freed who is knowledgeable about the ACA requirements and, over the past few months, has been part of the discussions regarding CyRide’s operations to prepare information for the November 1, 2016 board meeting. All parties will continue to seek the requested qualifications, as time permits.

### **2016-2017 Monthly Health Insurance Rates for CyRide Employees**

<b>Wellmark Plan</b>	<b>Coverage</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>	<b>Total Premium</b>
<b>Alliance Select</b>	Single	\$79.64	\$716.86	\$796.50
	<sup>3</sup> / <sub>4</sub> Single	\$258.86	\$537.64	\$796.50
	<sup>1</sup> / <sub>2</sub> Single	\$438.06	\$358.44	\$796.50
	Family	\$185.62	\$1,670.56	\$1,856.18
	<sup>3</sup> / <sub>4</sub> Family	\$603.26	\$1,252.92	\$1,856.18
	<sup>1</sup> / <sub>2</sub> Family	\$1,020.90	\$835.28	\$1,856.18
<b>Blue Advantage</b>	Single	\$28.68	\$544.92	\$573.60
	<sup>3</sup> / <sub>4</sub> Single	\$164.90	\$408.70	\$573.60
	<sup>1</sup> / <sub>2</sub> Single	\$301.14	\$272.46	\$573.60
	Family	\$62.18	\$1,181.62	\$1,243.80
	<sup>3</sup> / <sub>4</sub> Family	\$357.58	\$886.22	\$1,243.80
	<sup>1</sup> / <sub>2</sub> Family	\$653.00	\$590.80	\$1,243.80

# November

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
		<b>1</b> Transit Board Mtg. 8:00am ACA	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
<b>20</b>	<b>21</b> ISU Break	<b>22</b> ISU Break	<b>23</b> ISU Break	<b>24</b> ISU & City Holiday	<b>25</b> ISU & City Holiday	<b>26</b>
				Thanksgiving		
<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b> Transit Board Mtg. 8:00am			

**2016**