Kathleen Conti, District 1  
Nancy Sharpe, Chair, District 2  
Jeff Baker, District 3  
Nancy Jackson, District 4  
Bill Holen, Chair Pro Tem, District 5

Study Session  
May 5, 2020

The Board of County Commissioners will be attending this meeting telephonically. The public is invited to listen to the study sessions by calling 1-855-436-3656. The Board of County Commissioners may go into executive session as necessary to receive legal advice or discuss other confidential matters during the updates.

The Arapahoe County Board of County Commissioners typically holds weekly Study Sessions on Monday and Tuesday. Study Sessions (except for Executive Sessions) are open to the public and items for discussion are included on this agenda. Agendas (except for Executive Sessions agendas) are available through the Commissioners’ Office or through the County’s web site at www.arapahoegov.com. Please note that the Board may discuss any topic relevant to County business, whether or not the topic has been specifically noticed on this agenda. In particular, the Board typically schedules time each Monday under “Committee Updates” to discuss a wide range of topics. In addition, the Board may alter the times of the meetings throughout the day, or cancel or reschedule noticed meetings. Questions about this agenda? Contact the Commissioners’ Office at 303-795-4630 or by e-mail at commissioners@arapahoegov.com

Study Session Topics

11:00 A.M. *Arapahoe County Transportation Forum Update  
Update from the Public Works and Development department to the Board of County Commissioners on the activities to date conducted by the Arapahoe County Transportation Forum (Technical and Executive Committees) related to considerations of a countywide transportation initiative

Request: Information/Direction

Bryan Weimer, Director, Public Works and Development  
Keith Ashby, Purchasing Manager, Finance  
Robert Hill, Senior Assistant County Attorney

Documents:

ARAPCO TRANSPORTATION FORUM UPDATE SS BSR 5-5-20.PDF  
PPT_TRANSPORTATION_FORUM_UPDATE_STUDY_SESSION_20200505.PDF

11:30 A.M. *Arapahoe/Douglas Works! Gas Voucher Process Review And PEX

Documents:
Card Recommendation

Discussion of a request for approval to move forward with implementing PEX Visa Prepaid Reloadable Cards to facilitate fuel purchases made by Arapahoe/Douglas Works! program participants with a long-term goal to expand this method of payment to other supportive services, streamline administrative processes, and create a convenient, fast way to provide vulnerable populations with the support they need to succeed

Request: Information/Direction

Danielle Bash, Office Coordinator, Community Resources
Nicole Russ, Finance and Administrative Services Division Manager, Community Resources
Don Klemme, Director, Community Resources
Keith Ashby, Purchasing Manager, Finance
Tiffanie Bleau, Senior Assistant County Attorney

Documents:

BSR - ADW! GAS VOUCHER PROCESS REVIEW FINAL ABRIDGED.PDF
GAS VOUCHER REVIEW AND RECOMMENDATIONS.PDF
IMPACT CHART FOR PEX CARD IMPLEMENTATION - FISCAL.PDF
IMPACT CHART FOR PEX CARD IMPLEMENTATION - PROCESS FLOW.PDF

Break

12:30 P.M. Administrative Meeting - COVID-19 Briefing And Recommended Policy Actions
Board of County Commissioners

* To Be Recorded As Required By Law
WHR - West Hearing Room

Arapahoe County is committed to making its public meetings accessible to persons with disabilities. Assisted listening devices are available. Ask any staff member and we will provide one for you. If you need special accommodations, contact the Commissioners’ Office at 303-795-4630 or Relay Colorado 711.

Please contact our office at least 3 days in advance to make arrangements.
DATE: April 19, 2020

TO: Board of County Commissioners

FROM: Bryan D. Weimer, PWLF, Director
       Public Works and Development

SUBJECT: ARAPAHOE COUNTY TRANSPORTATION FORUM UPDATE

Direction/Information
The Public Works and Development Department (PWD) is providing an update to the Board of County Commissioners (BoCC) on the activities to date conducted by the Arapahoe County Transportation Forum (Forum) (Technical and Executive Committees) related to considerations of a countywide transportation initiative. Staff requests feedback from the BoCC that can be shared with the Forum regarding these efforts.

Request and Recommendation
The Study Session is to update the BoCC on the efforts of the Forum since reconvening in August 2019 to investigate the potential of a countywide transportation initiative to help solve transportation challenges throughout Arapahoe County. This Study Session was planned for March 2020 prior to the Coronavirus Pandemic. Obviously since that time things have changed within Arapahoe County as well as the world. Staff will also discuss how the Forum shall move forward and request BoCC feedback on the information presented and direction on how to proceed.

Background
The Arapahoe County Transportation Forum was organized and formed in May 2018 via an IGA signed by the County and 12 of the 13 cities within County (Glendale did not execute) for the express purpose of soliciting, selecting, recommending, and submitting a list of projects to the DRCOG Board for the use of Sub-Regional allocated Federal funding. In addition to TIP Cycle project selections, the Forum will have meetings to collaborate on transportation needs, partnerships building, projects, and advocacy efforts in non-TIP related activities to help establish priorities and actions to pursue for Arapahoe County as whole.
Commissioner Baker was appointed and serves as the Co-Chair for the Executive Committee with Commissioner Holen as an Alternate on the Executive Committee. Bryan Weimer was appointed and serves as the Chair of the Technical Committee.

On August 29, 2019, the Executive Committee met and discussed transportation needs as a whole in the county both for capital and maintenance perspective, the lack of funding to meet those needs, past and projected growth in the county and the impacts of such, the impacts to citizens and users of the transportation system being experienced, and the feedback being expressed by citizens for the County to address transportation as a high priority. The Executive Committee directed the Technical Committee to further evaluate the potential of a countywide transportation initiative.

The County hired a facilitator (Jody Erikson – JSE) to facilitate both committees on the necessary discussions, decisions, and policies associated with addressing a countywide solution to transportation challenges being experienced. The process plan for this effort was approved by the Executive Committee.

Align Arapahoe

Service First –  
The formation of the Forum and execution of the IGA is an example of the cooperation between various participating governmental agencies to collaborate and determine transportation values and priorities in Arapahoe County that benefit citizens, business, and commuters alike.

Quality of Life –  
Quality of life will improve with the implementation of the Forum and recommended projects for those using the County’s transportation system, the citizens living in the County, and the business depending on the system to provide goods and services.

Fiscal Responsible –  
The Forum was responsible for making recommendations of the Arapahoe County share of Federal Transportation Funding allocated to the Denver Regional Council of Governments (DRCOG), as well as identifying the priority of regional projects to submit for consideration to DRCOG. The partnership forged through the Forum prioritization process has ensured leverage of the allocated Federal Funding and local funds to enhance the transportation system in Arapahoe County. The efforts associated with evaluating a countywide transportation solution goes hand – in – hand with long term financial viability and sustainability of Arapahoe County.

Discussion
Since August 2019, the Technical Committee (TC) has met 5 times (monthly) to share information, discuss the following, and make recommendations to the Executive Committee:

- Capital Needs
- Maintenance Needs
- Gaps to Meet Needs
- Definition of Capital and Maintenance
- Governance
- Distribution Formula and Methods of Determining
- Term of Initiative
- Source of Funding

To date the Technical Committee has identified at a high level analysis a $177M of capital and maintenance needs annually. As the initiative moves forward this value will need to be refined with specific projects that will include capital projects (i.e. new assets including physical operational projects, rebuild of assets, mobility/capacity projects, safety physical projects, etc.) and maintenance programs/projects that will extend the service life of existing assets (i.e. bridge decks/rails, roadway overlays/chip seal/slurry seal, etc.). The TC recommended
various options regarding allocation of funding collected and the Executive Committee (EC) directed a 55% capital and 45% maintenance allocation of the funds collected.

The TC evaluated various governance models on whom collects and distributes the funding including a Regional Transportation Authority (RTA), or an existing entity such as Arapahoe County or the Transportation Forum. Rather than create a separate entity with its own governance that is required with an RTA, the TC recommends that the Forum be used as an oversight role of the funding and that the County would distribute funding based on an agreed to formula that is establish as part of the initiative language. This governance model would distribute the funding directly to jurisdictions based on the formula and would not require the Forum to allocate or make decisions on funding allowing jurisdiction to use the funding on programs/projects as defined via any language (ie similar to the grant programs in the Open Spaces Program). Jurisdictions would report to the Forum on how funding was used and would also be used to collaborate and build coalitions for multi-jurisdictional projects. It should be noted that if a jurisdiction(s) opt outs, then an RTA would need to be formed by drawing a boundary excluding the jurisdiction(s) as part of the RTA. RTAs require two votes of the public, one to establish the RTA and one to establish the funding source (allowable RTA sources include: sales tax – 1% max, property tax – 5 mill max, visitor benefit tax – 2% on room max, vehicle registration fee - $10 max). After 2 reviews by the TC, the method of allocation of funds to jurisdiction being considered and recommended by the TC is lane-miles although there are concerns being expressed to include a factor that considers congestion, along with lane-miles.

The two viable funding sources being considered is a sales tax and a property tax, both would have a sunset provision included with them. The TC has not made a recommendation as to a preferred alternative and plans to present this to the Executive Committee and use both for testing the perspective of the public. The recommendation of the TC would be to begin a public education and outreach process that would be integrated with the County’s Transportation Plan Update and other outreach the County may plan regarding other budgetary issues.

With the advent of the Coronavirus Pandemic and its possible impacts on jurisdiction funding and the economy, moving forward with a countywide initiative for funding transportation is likely not to be a high priority nor receive support of the general public. However, it should be realized that the transportation challenges facing Arapahoe County will still exist, including maintenance of assets and if driver behavior and growth does not change congestion. An example of a growing concern is the projected nearly $300,000 of decreased HUTF revenue to the County in 2021 from revised 2020 estimates. Direction from the BoCC is requested on how the Forum should proceed now post Coronavirus Pandemic.

**Alternatives**

The plan prior to Coronavirus was to present this information and recommendations to the Executive Committee on March 26 and receive direction on how to move forward with public education and outreach. Now post Coronavirus, a longer term plan is likely necessary. Staff would like direction from the BoCC on how they would like to proceed with the Forum’s efforts and the transportation challenges for Arapahoe County.

**Fiscal Impact**

The fiscal impact to Arapahoe County could be significantly positive if an initiative would move forward and be approved by the public. It would help and be one tool in solving the transportation challenges being experienced in the county. However, times have changed and therefore it is likely that transportation funding will be reduced (See HUTF reductions referenced above as example).

**Concurrence**

The Public Works and Development Department concurs with the work being performed by the Arapahoe County Transportation Forum to investigate a countywide solution to transportation needs throughout Arapahoe County.

**Attorney Review**

The County Attorney’s Department has reviewed this document.
Reviewed By
This Board Summary Report has been reviewed by the following:

Robert Hill, Assistant County - Attorney Department

cc: Electronic
Michelle Halstead, Director
James Katzer, Division Manager
Cathleen Valencia, Program Manager
Jody Erikson, JSE
File (C18-020)
Reader

Hard Copy
File (C18-020)
STUDY SESSION PURPOSE

• Background on ArapCo Forum

• Update BoCC on Forum Activities
  • Technical Committee
  • Executive Committee

• Discussion on Options Evaluated

• Direction from BoCC on Moving Forward
TRANSPORTATION FORUM

BACKGROUND

• Established in May 2018 via IGA
  • 12 of 13 Cities/Towns Signed Plus County
  • Exec & Tech Committee Baker, Holen; Weimer

• Soliciting, Selecting, Recommending, Submitting Projects
  • DRCOG Board For Sub-Regional Allocated Federal Funding

• Collaborate on Transportation Needs, Partnerships Building, Advocacy Efforts in non-TIP related Activities
  • Establish Priorities, Pursue Actions Countywide
FORUM DIRECTION GIVEN

• August 2019
  • County Hired Facilitator – Jody Erikson
  • Adopted Process Plan
  • Tech Comm. Evaluate Countywide Transportation Initiative

• Technical Committee Work
  • High Level Capital and Maintenance Needs
  • Funding Gaps
  • Governance & Distribution Formulas
  • Funding Source Possibilities
  • Initiative Terms
  • Process Steps
1. Draft best option (governance & distribution) – Forum Executive and Technical Committees
2. Decide whether to take next step, decide whether to go for a countywide funding mechanism – Forum Executive Committee
3. Public Involvement/Education - Define and Understand Needs (Public Perspective)
4. Public Polling
5. Decide whether to seek a countywide funding mechanism; IF yes, define/refine it – Forum Executive and Technical Committee
6. Finalize Funding Mechanism
7. Ballot language
8. Submit Ballot language
9. Election
THINGS TO KEEP IN MIND

• Need – estimated $need

• Other funding options being looked at

• Possible revenue generation (sources)

• Possible governance structures
## Need for a New Funding Mechanism

<table>
<thead>
<tr>
<th>Maintenance Budgeted (millions, annually)</th>
<th>Maintenance Unmet Need (millions, annually)</th>
<th>Capital Budgeted (millions, annually)</th>
<th>Capital Unmet Need (millions, annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 jurisdictions reporting (of 14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$59</td>
<td>$38.2-$41.2</td>
<td>$17.5-$20.5</td>
</tr>
</tbody>
</table>

(as of 1/20/20)
OTHER FUNDING OPTIONS BEING CONSIDERED

State Options
• Legislation (statewide)
  • SB18-001 $1.3M ’18, $413K ‘19
  • SB19-262 $804K ‘19

Regional
• MPO Taxing Authority - DRCOG/ Mayors initiative (HB20-1151)
  • Regional Transit Authority (RTA), or Metro Transportation Collaborative (MTC), or Empowered Metro Planning (E-MPO)

Local
• City/Special Districts seeking funding
POSSIBLE FUNDING SOURCES, POTENTIAL REVENUE GENERATED

- Property Tax, Countywide – 1 Mill = $12.1M
- Sales Tax, Countywide – 0.25% = $25-$28M
- Vehicle Registration – 2018/590k reg = $5.9M
POSSIBLE GOVERNANCE STRUCTURE

• Transportation Authority – RTA decision makers
or
• Arapahoe County w/ Formula Decision (Open Space Model)
or
• Arapahoe County w/ Forum decision makers (Transportation Forum)
DRAFT DISTRIBUTION OPTIONS

• **4 Pots** – 50/10/35/5 =
  o 50% - Capital for Jurisdictions’ (based on lane miles) +
  o 10% - Capital Grant Fund (projects decided by … most likely the Forum) +
  o 35% - Maintenance for Jurisdictions’ (based on lane miles) +
  o 5% - Multimodal countywide commuting

• **2 Pots** – 55/45 =
  o 55% Jurisdictions’ Capital (based on lane miles +
  o 45% Jurisdictions’ Maintenance
DRAFT DISTRIBUTION OPTIONS
TECHNICAL COMMITTEE LOOKED AT

- **50/50** - cities/county, with x% of County portion for regional projects
- **50/30/20** – cities/county/regional
- **X/Y** – city maintenance/regional projects (intentionally rotated throughout county)
- **80/20** – cities/regional
- **55/35/10** – capital/maintenance/transit
- **55/35/10** – capital/maintenance/multimodal community commuting

- **25/15/30/20/10** – jurisdiction capital/regional capital/jurisdiction maintenance/regional maintenance/transit
- **Rotate yearly** – year 1: 100% for maintenance; year 2: x% maintenance, y% for ?
- **List projects, no formula**
SUMMARY OF TC RECOMMENDATIONS

• Transportation Funding Gap - $177M Annually (High Level)

• Governance
  • Transportation Forum, No RTA

• Distribution
  • 55% Capital, 45% Mntnce – Direct to Jurisdiction
  • Lane-Mile Distribution

• Initiative Terms
  • Sunset, Specific Projects, Forum Oversight/Reporting

• Funding Source
  • TBD
NOW WHAT?

Prior to COVID-19
• EC Meeting For Direction
  • Distribution Method (L-M)
  • Confirm Other Recmnd
• Next Steps
  • Public Involve/Education
  • Public Polling

Post COVID-19
• Likely Change of Public Priorities
• Likely No Support of Initiative
• Financial/Economy Challenges (Sales Tax, Unemployment, Recession)
• Likely Lack of City Support
• Uncertainty of Travel Demand

Needs & Budget Challenges Will Still Exist
NEXT STEPS

- BoCC Direction on How to Proceed
  - Continue as originally planned
  - Continue Work, but in another Form
  - Stop Work for Now
  - Alternative

- Communication to Forum

- Other Direction
BOC Study Session Item, May 5, 2020

BOARD SUMMARY REPORT

Date: April 23, 2020
To: Board of County Commissioners
Through: Don Klemme, Community Resources Department Director
From: Nicole Russ, Finance and Administrative Services Division Manager
Subject: ADW! Gas Voucher Process Review and PEX Card Recommendation

Request and Recommendation

We seek BoCC approval to move forward with implementing PEX Visa Prepaid Reloadable Cards (Fig. 1) to facilitate fuel purchases made by ADW! program participants. Our long-term goal is to expand this method of payment to other supportive services, streamlining administrative processes and creating a convenient, fast way to provide vulnerable populations with the support they need to succeed.

Figure 1: The PEX Visa Prepaid Card

Background

Gas vouchers are one of the many supportive services available to eligible participants in ADW! programs. Supportive services are grant-funded financial subsidies unique to each participant that help them to achieve their training or educational goals.

We feel the PEX card will increase efficiencies and internal controls. Currently, the participant is issued a physical paper voucher for gas by an ADW! Caseworker (Fig. 2). The participant presents this voucher at the counter of participating Valero gas stations at time of fuel purchase. Gas station employees transact the fuel purchase using a live Arapahoe County-issued Valero Fleet Card (Fig. 3).

The critical dependence upon gas station personnel to administer this service on our behalf has led to unverified spending, limited locations, and periodic program cessation. The current process inconveniences participants, requires costly administrative support, and exposes financial control. An improvement to this process is needed, and the PEX card is the recommended solution. See the process flow chart in the supporting documents for a visual representation comparing the current process with the proposed process.


**BoCC Study Session Item, May 5, 2020**

---

**Figure 2: Example of current gas voucher**

**Figure 3: Valero Fleet Card**

---

### Links to Align Arapahoe

**Service First: Customer Service**

The PEX card makes the supportive service quicker, easier, and more convenient for the participant.

**Fiscal Responsibility: Financial Health, Operational Efficiency, Healthy Economy**

The PEX card protects grant dollars from unallocable purchases and/or fraud through the use of Merchant Category Codes (MCCs) and real-time card funding changes. The use of PEX cards also decreases indirect administrative costs incurred.

**Quality of Life: Community Care**

Participants depend on these supportive services to help them become gainfully employed and independent. ADW! programs exist to eliminate barriers for vulnerable populations, and the PEX card will break down the barriers inherent to the current gas voucher process.

---

**Discussion**

Discussion points below demonstrate how the PEX card can improve efficiencies and control along with mitigate exposures in the current ADW! gas voucher process.

**Improved Financial Control**

1. Arapahoe County is liable for all fees and charges made to a live, uncontrolled Arapahoe County-issued Valero fleet card.
   - a. Each individual participant will use a PEX card, eliminating the need for a Valero credit card.

2. Loss of receipts and unverified spending is a gateway to fraud and grant non-compliance.
   - a. Administrative Services will have the ability to fund, suspend, and restrict the use of PEX cards in real-time.

3. There is little control over who uses the gas vouchers at participating gas stations.
   - a. Participants using the PEX card will be required to sign an attestation agreeing that it will only by used by them and for its intended purpose.
**Improved Program Implementation Dependability & Accessibility**

1. High turnover of gas station staff creates a breakdown in communication and program administration knowledge ADW! staff comments:
   
   “We hear a lot [from participants] about the attendants not knowing the process for the vouchers due to the high turnover. There have been several instances at the Belleview station where the attendants weren’t even aware of the voucher system.”
   
   a. The use of PEX cards will eliminate gas station staff involvement.

2. There are only 5 participating locations in all of Arapahoe and Douglas Counties.
   
   “Since our program serves the entire metro area, we do also hear customers express disappointment that we don’t have any gas stations up north or closer to downtown. Sometimes it is more of a hardship for them to have to drive all the way to Aurora just to fill up their tank.”
   
   a. A PEX card can be used at any gas station location.

3. PEX cards are mailed to participants and used indefinitely, eliminating the requirement for participants to travel to ADW! office locations a second time to obtain vouchers.

**Arapahoe County Liabilities**

1. Travel by county employees to gas station locations for receipt pick up will be eliminated.

2. The monthly administrative expense to reconcile Valero credit card statements against paper receipts and vouchers is significant. The manual process of tracking down missing receipts creates 2-3 hours of work monthly, inevitably delaying the reconciliation process and credit card payment. The delays lead to consequential expenses including costly overnight postal delivery of checks and/or late credit card payment fees, both of which are paid by the Administrative Services budget.
   
   a. The administrative expense to reconcile PEX card spending will decrease significantly. The spending restrictions will mitigate the misuse of funds, credit card payment checks & fees will no longer exist, and county employees will no longer need to track down receipts from gas station personnel.

3. Paper and print costs associated with paper vouchers will be eliminated with the use of PEX cards.

**Alternatives**

**FUEL AND GIFT CARDS**

Fuel and gift cards are an alternative solution, which would specifically address the lack of internal financial control but comes with additional program implementation exposures. Please refer to the ADW! Gas Voucher Program Change Proposal (pages 2-4) in the supporting documents for a detailed analysis of the fuel and gift card solution. Below is a chart comparing the key components of the current, recommended, and alternative solutions:
## Method Considerations

<table>
<thead>
<tr>
<th></th>
<th>CURRENT PROCESS</th>
<th>ALTERNATIVE</th>
<th>RECOMMENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paper Gas Voucher</td>
<td>Valero Fuel Gift Card</td>
<td>PEX Card</td>
</tr>
<tr>
<td><strong>Issuance Liability</strong></td>
<td>No Value</td>
<td>Stored Value</td>
<td>Value Controlled</td>
</tr>
<tr>
<td><strong>Location Compatibility</strong></td>
<td>Limited</td>
<td>Limited</td>
<td>Any</td>
</tr>
<tr>
<td><strong>Receipt Collection</strong></td>
<td>On-Site Collection by County Employee</td>
<td>Participant Provides Paper Receipts</td>
<td>Participant Uploads Receipt in PEX App</td>
</tr>
<tr>
<td><strong>Monthly Cost</strong></td>
<td>Indirect Costs</td>
<td>$150</td>
<td>$80</td>
</tr>
<tr>
<td><strong>(based on avg. $5k monthly program spend)</strong></td>
<td></td>
<td>3% fee on gross monthly amount</td>
<td>Cost to implement up to 100 cards</td>
</tr>
<tr>
<td><strong>Program Control</strong></td>
<td>Fuel Purchases Only Facilitated by gas station employee</td>
<td>Fuel Purchases Only</td>
<td>Fuel Purchases Only High Control with MCC’s</td>
</tr>
</tbody>
</table>

## Fiscal Impact

<table>
<thead>
<tr>
<th></th>
<th>Gas Vouchers</th>
<th>PEX Card</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Costs</strong></td>
<td><strong>Actual Yearly Spend (March 2019 - February 2020)</strong></td>
<td><strong>Projected yearly spend</strong></td>
</tr>
<tr>
<td>Printing</td>
<td>$350.56</td>
<td>$0</td>
</tr>
<tr>
<td>Monthly Fee</td>
<td>$0</td>
<td>$999.95</td>
</tr>
<tr>
<td><strong>Indirect Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unverified charges</td>
<td>$570.23</td>
<td>$0</td>
</tr>
<tr>
<td>Admin. time spent verifying charges</td>
<td>$972.00</td>
<td>$0</td>
</tr>
<tr>
<td>Mileage Reimb.*</td>
<td>$689.86</td>
<td>$0</td>
</tr>
<tr>
<td>Admin. time spent traveling</td>
<td>$648.72</td>
<td>$0</td>
</tr>
<tr>
<td>Credit Card Fees**</td>
<td>$1,352.89</td>
<td>$0</td>
</tr>
<tr>
<td>Postal Fees</td>
<td>$45.50</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,629.76</strong></td>
<td><strong>$999.95</strong></td>
</tr>
</tbody>
</table>

* Based on mileage reported, not all employees claim mileage for this travel.
** Includes late finance charges, paper delivery fees, card replacement fees, account setup.
The projected year one spend for the PEX card includes an $80 subscription fee at the non-profit rate and a $39.95 one-time setup fee. This allows up to 100 cards to be issued, which covers our current 60-70 participants in the program.

Concurrence
The caseworkers/workforce specialists at ADW! are affected by the recommendation. They are in full support of the transition to PEX cards to facilitate fuel purchases because it streamlines the supportive service for participants and protects the misuse of grant funds. It also eliminates the need for caseworkers to schedule an additional meeting time to issue the gas vouchers after their initial meeting to determine eligibility for the supportive service. With the PEX cards, caseworkers would be able to instantly load the participant’s card with the appropriate amount and it can be used immediately at any gas station.

Attorney Comments

Reviewed By

____________, Kelly Folks, ADW! Division Manager

____________, Don Klemme, Community Resources Department Director

____________, Todd Weaver, Finance Department Director

____________, Keith Ashby, Purchasing Manager

____________, Tiffanie Bleau, Assistant County Attorney
ADW! GAS VOUCHER REVIEW AND RECOMMENDATIONS
To Increase Internal Control and Program Dependability

PURPOSE

The following document reviews limitations of ADW’s current gas voucher process and outlines two potential solutions to mitigate areas of exposure.

OVERVIEW OF CURRENT PROCESS

1. ADW! Program participants are issued paper vouchers, in person at the ADW! office location, to support their fuel purchases.
2. The participant presents the gas voucher to an employee at a participating gas station.
3. The gas station employee transacts the fuel purchase by running an Arapahoe County credit card (fleet card), which is kept on location at each participating station.
4. The gas station employee is responsible for facilitating the gas purchase in accordance with the presented gas voucher and for retaining receipts until an Arapahoe County employee comes to pick them up.

The Objective

ADW! aims to provide a safe, efficient, dependable program to assist participants with gas expenses that aligns with Arapahoe County’s commitment to fiscal responsibility. The following highlights areas where objectives are not being met.

- Lack of Internal Financial Control
  - Non-county employees using live Arapahoe County credit card
  - Loss or lack of receipts: unverified spending, potential for fraud

- Lack of Program Implementation Dependability
  - Little to no training of gas station staff on how to administer the program
  - High turnover of gas station staff
    - Loss of knowledge and training that was provided
  - Gas station management turnover
• Communication breakdown in support of administering program as directed
  o Continuity of program administration depends on gas station staff
  • ADW! has experienced temporary program deferment at some locations as a result of management turnover.
  o Inability to ensure purchases are being used for program participants

• Other Exposures and Inefficiencies
  • Arapahoe County employees driving to participating gas stations to pick up receipts
  • Limited locations, currently only 5 participating locations

Potential Solutions
Solution #1: Fuel Gift Cards or Other Type of Gift Cards
Solution #2: PEX Prepaid Reloadable Visa Card

SOLUTION #1: FUEL AND GIFT CARDS

Fuel and Gift Cards solve the main exposure with the current gas voucher process: non-county employees using a live Arapahoe County credit card. By issuing program participants fuel or gift cards instead of paper vouchers, it would eliminate the need for a live credit card and the dependence on non-county staff to administer this aspect of the ADW! program.

CDLE’s Regional Liaison, Brad Roller, and Regional Services Manager, Rob Hanni, directed us to the following PGL regarding use of gift cards in conjunction with CDLE programs:

The following guidance was garnered from PGL-WIOA-2017-12_WIOA Youth Incentive Payments-change-2-August 2019:

1) Gift cards, due to their prepaid stored-value, are considered cash under OMB Uniform Guidance and required to have the same internal controls as would be required for the safeguarding of cash in order to ensure allowable use and mitigation of fraud and theft.
   a. Written recognition or receipt of the payment should be contained as part of the participant file or official accounting records.
   b. Recommended that when purchasing and distributing an inventory, log and periodic reconciliation of gift cards should be documented and maintained.
2) Acknowledgement that gift cards are an allowable method of payment.

3) The PGL focuses more to the allocability of costs incurred regardless of payment method.
   a. ADW! has acceptable guidelines regarding the issuance of supportive services and allocability of those costs.
      i. Interpretation Note: I infer the discussion on allocability as speaking to a control issue regarding gift cards. For example, how can an agency ensure gift cards are not being used for unallowable costs?

<table>
<thead>
<tr>
<th>Potential Exposures with Fuel or Gift Cards</th>
<th>Solutions</th>
</tr>
</thead>
</table>
| Control of internal and external movement of cards, which are essentially cash assets | 1. Set up internal controls as described in PGL, section (1): a-c  
2. Only hand deliver to participant, who then signs acknowledgement of receipt of card  
3. None |
| Potential to be used by someone other than intended participant | Have participant sign agreement that card will only be used by them  
          o An agreement, not a guarantee |
| Lack of control around participant spending | 1. Have participant sign agreement that card will only be used for intended purpose  
          ▪ An agreement, not a guarantee  
2. Spending on fuel cards are guaranteed to only be spent on fuel |
| Inability to obtain receipt | Participant attestation that card will only be used by them and for intended purpose  
          o Sufficient for Colorado Department of Human Services for the issuance of gift cards used to support Arapahoe County Human Services  
          o Will this be sufficient for CDLE in the long run?  
          o Implement processes similar to those found in Pacific Gateway’s policy: P-WIOA-AA-1_A, Documentation and Receipt Requirements. |
| Protocol for funds remaining on the card | 1. Only work with vendors who allow us to recoup or re-utilize remaining funds. |

Protocol for funds remaining on the card
1. Will we be able to charge entire value of card to grant if card is not spent out?
Recommended Product: Valero Fuel Gift Cards

- Valid only at Valero gas station fuel pump
- Card issuance from $5-$300
- Ability to transfer remaining card balances to other cards
- Does not have the ability to return funds
- Still limited in locations
- 3% fee on gross amount purchased
  - Current monthly spend on gas vouchers (18-Mo. Avg.): $4,887.24
    Fee @ 3% = $146.62

SOLUTION #2: PEX PREPAID RELOADABLE VISA CARD

A Pre-Paid Reloadable Visa Card not only solves the main issue with the current gas voucher process, it also solves some of the potential exposures with fuel and gift cards. The PEX Visa Prepaid Card allows businesses to control where and how much is spent on each card issued.

Features

- Card can be issued with participants name on the face of the card
  - Card distributed via USPS in 5-7 days
- Card can be issued with only the business name if the mailing time for personalization is too long
  - Stock of cards can be retained for immediate issue
- Card has no value until it is turned on and funded
- Ability to set spending controls and restrictions by Merchant Category Codes:
  - What is a Merchant Category Code (MCCs)
  - Merchant Category Codes
    - This feature could safely enable other efficiencies in supportive services payments outside of fuel. Ex: Bus cards and ticket payments or incentive payments
- Option for additional spend customization and management with API program
- Unused card balances can be transferred off of the card in real time
- Program participants can upload receipts via PEX mobile app
  - Receipt collection is possible and easier to facilitate
• Card changes are real time:
  o Turning off and on
  o Funding
  o MCC restrictions
• Cost = $80 per month, includes up to 100 active cards
  o $0.80 fee per additional active card
  o Fee is waived in months when spend is over $25,000

Note: I would still recommend the implementation of participant attestation and receipt collection policy as per the table above in the Fuel and Gift Card Recommendation.

**RECAP COMPARISON**

<table>
<thead>
<tr>
<th>Method Considerations</th>
<th>CURRENT PROCESS</th>
<th>SOLUTION #1 Valero Fuel Gift Card</th>
<th>SOLUTION #2 PEX Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance Liability</td>
<td>No Value</td>
<td>Stored Value</td>
<td>Value Controlled</td>
</tr>
<tr>
<td>Location Compatibility</td>
<td>Limited</td>
<td>Limited</td>
<td>Any</td>
</tr>
<tr>
<td>Receipt Collection</td>
<td>On-Site Collection by County Employee</td>
<td>Participant Provides Paper Receipts</td>
<td>Participant Uploads Receipt in PEX App</td>
</tr>
<tr>
<td>Monthly Cost (based on avg. $5k monthly program spend)</td>
<td>Indirect Costs Unallocable spending and employee mileage reimbursement</td>
<td>$150 3% fee on gross monthly amount</td>
<td>$80 Cost to implement up to 100 cards</td>
</tr>
<tr>
<td>Program Control</td>
<td>Fuel Purchases Only Facilitated by gas station employee</td>
<td>Fuel Purchases Only</td>
<td>Fuel Purchases Only High Control with MCC’s</td>
</tr>
</tbody>
</table>
# Fiscal Impact Chart

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>Gas Vouchers Actual Yearly Spend (March 2019 - February 2020)</th>
<th>PEX Card Projected yearly spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing</td>
<td>$350.56</td>
<td>$0</td>
</tr>
<tr>
<td>Monthly Fee</td>
<td>$0</td>
<td>$999.95</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unverified charges</td>
<td>$570.23</td>
<td>$0</td>
</tr>
<tr>
<td>Admin. time spent verifying charges</td>
<td>$972.00</td>
<td>$0</td>
</tr>
<tr>
<td>Mileage Reimb.*</td>
<td>$689.86</td>
<td>$0</td>
</tr>
<tr>
<td>Admin. time spent traveling</td>
<td>$648.72</td>
<td>$0</td>
</tr>
<tr>
<td>Credit Card Fees**</td>
<td>$1,352.89</td>
<td>$0</td>
</tr>
<tr>
<td>Postal Fees</td>
<td>$45.50</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$4,629.76</strong></td>
<td><strong>$999.95</strong></td>
</tr>
</tbody>
</table>

* Based on mileage reported, not all employees claim mileage for this travel.

** Includes late finance charges, paper delivery fees, card replacement fees, account setup
## Process Flow Chart

### Gas Vouchers

<table>
<thead>
<tr>
<th>Step Order</th>
<th>Steps taken</th>
<th>Parties Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Participant meets with caseworker to determine supportive service eligibility</td>
<td>ADW! Staff, Participant</td>
</tr>
<tr>
<td>2</td>
<td>If eligibility is determined, request is routed through Works! System for QA approval</td>
<td>ADW! Staff</td>
</tr>
<tr>
<td>3</td>
<td>Caseworker schedules an appointment with participant to issue gas vouchers</td>
<td>ADW! Staff</td>
</tr>
<tr>
<td>4</td>
<td>Two copies of each voucher are printed (up to 8 copies), each are signed by the participant</td>
<td>ADW! Staff, Participant</td>
</tr>
<tr>
<td>5</td>
<td>*Other grant funding sources issue 3-part carboncopy vouchers, produced by the AC Print Shop</td>
<td>Print Shop</td>
</tr>
<tr>
<td>6</td>
<td>Signed gas vouchers are uploaded into Works! System</td>
<td>ADW! Staff</td>
</tr>
<tr>
<td>7</td>
<td>Participant travels to 1 of 5 participating gas station locations</td>
<td>Participant</td>
</tr>
<tr>
<td>8</td>
<td>Participant presents voucher and ID to the gas station attendant</td>
<td>Participant, Gas Station Staff</td>
</tr>
<tr>
<td>9</td>
<td>Gas station attendant uses the Valero fleet card to transact the fuel purchase, retains receipt and voucher.</td>
<td>Gas Station Staff</td>
</tr>
<tr>
<td>10</td>
<td>County employee travels to gas stations to pick up receipts and vouchers</td>
<td>Gas Station Staff, Admin Services</td>
</tr>
<tr>
<td>11</td>
<td>County employee reconciles credit card statement against paper receipts and vouchers, tracking down missing receipts and recording unverified spending</td>
<td>Gas Station Staff, Admin Services</td>
</tr>
<tr>
<td>12</td>
<td>A check for the balance &amp; fees is requested</td>
<td>Admin Services</td>
</tr>
<tr>
<td>13</td>
<td>Finance prints requested check &amp; remits to Admin Services</td>
<td>Finance</td>
</tr>
<tr>
<td>14</td>
<td>Admin Services expidites check to Wex Bank for payment</td>
<td>Admin Services, County Postal Service</td>
</tr>
</tbody>
</table>

### PEX Card

<table>
<thead>
<tr>
<th>Step Order</th>
<th>Steps taken</th>
<th>Parties Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PO issued enabling transfer of money to PEX Card account</td>
<td>Admin Services, Finance</td>
</tr>
<tr>
<td>2</td>
<td>Participant meets with caseworker to determine supportive service eligibility</td>
<td>ADW! Staff, Participant</td>
</tr>
<tr>
<td>3</td>
<td>If eligibility is determined, request is routed through Works! System for QA approval</td>
<td>ADW! Staff</td>
</tr>
<tr>
<td>4</td>
<td>ADW! sends daily batch report to Admin requesting cards, card changes and funding provisions</td>
<td>ADW! Staff, Admin Services</td>
</tr>
<tr>
<td>5</td>
<td>Participant travels to any gas station location</td>
<td>Participant</td>
</tr>
<tr>
<td>6</td>
<td>Participant purchases gas at the fuel pump</td>
<td>Participant</td>
</tr>
<tr>
<td>7</td>
<td>Participant uploads picture of receipt into PEX app</td>
<td>Participant</td>
</tr>
<tr>
<td>8</td>
<td>County employee verifies charges to the PEX card against receipts uploaded</td>
<td>Admin Services</td>
</tr>
</tbody>
</table>