

**Date:** February 28, 2018

**To:** Board of Directors

**From:** Shelley Devine, Interim General Manager

**Subject: RESOLUTION 18-02-20 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH MERCER HEALTH & BENEFITS LLC FOR BENEFITS CONSULTING SERVICES**

**1. Purpose of Item**

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract with Mercer Health & Benefits LLC (Mercer) for benefits consulting services (Services).

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other \_\_\_\_\_

**3. Reason for Board Action**

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$500,000.

**4. Type of Action**

- Resolution
- Ordinance 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

**5. Background**

TriMet provides comprehensive health benefits for all employees, eligible dependents, and retirees. As with most businesses today, state and federal regulatory requirements associated with TriMet's benefit plans are becoming increasingly complex. In order for TriMet to provide benefits in a financially responsible manner, it requires specialized technical expertise, up-to-date information on legislative changes, and the broad experience and exposure to the marketplace provided by specialized industry consultants. While TriMet staff oversee the design and administration of TriMet's benefit plans, the assistance of external consultants with specialized benefits expertise is required.

TriMet currently has a Contract with Mercer for the Services that is set to expire on March 31, 2018, that resulted from a competitive Request for Proposals. The current Contract was authorized by the Board at its October 2012 meeting.

**6. Procurement Process**

On November 16, 2017, TriMet issued a Request for Proposals (RFP) for the Services. The RFP was posted on TriMet’s public solicitation website, and the notice was emailed directly to 90 contacts registered with TriMet to provide benefits consulting services. 31 firms elected to download the solicitation.

On December 18, 2017, proposals were submitted to TriMet by Mercer Health and Benefits LLC (Mercer) and Segal Consulting (Segal).

A Source Evaluation Committee (SEC) comprised of staff from the Benefits, Compensation, and Labor Relations department was appointed to review and evaluate the proposals. The evaluation criteria in the RFP included: (1) qualifications of the proposer, staff, and diversity; (2) project understanding/work plan; and (3) price proposal. After evaluating the proposals, both Mercer and Segal were shortlisted to the competitive range and the SEC opened their price proposals. The evaluation committee determined that both competitive range finalists would be considered for award and they were asked to submit a Best and Final Offer (BAFO) to clarify areas of their proposals and to revise pricing. Overall scores of the firms after BAFOs are summarized in the table below:

	<b>Possible Points</b>	<b>Mercer Health and Benefits LLC</b>	<b>Segal Consulting</b>
<i>Evaluation Criteria</i>			
Qualifications of the Proposal, Staff, and Diversity	<b>40</b>	37.5	33.3
Project Understanding – Work Plan	<b>40</b>	38.3	35.5
Price Proposal	<b>30</b>	19.8	20.0
<b>Total Score</b>	<b>100</b>	<b>95.5</b>	<b>88.8</b>
<i>Pricing</i>		<i>\$1,048,025</i>	<i>\$1,036,629</i>

It was determined that Mercer demonstrated the highest level of technical experience, qualifications, and a strong understanding of the work and is hereby being recommended for award. The contract will be structured with a one-year base term, with TriMet’s option for up to four (4) additional one-year extensions. Price adjustments will be permitted on an annual basis if TriMet elects to exercise the additional one-year extensions, and will be capped at the percentage difference from the prior ½ year of the Consumer Price Index (CPI), for All-Urban Workers, Portland-Salem area.

The attached Resolution authorizes TriMet to contract with Mercer Health and Benefits LLC for the Services in the amount of \$1,048,025 for the five-year period, which includes options. The amount to be spent during the five-year contract will be based on actual agency requirements during the contract term.

**7. Diversity**

Mercer intends to self-perform the work and its workforce diversity is as follows: 60.7% female and 20.4% minority (corporate headquarters) and 66.6% female and 7.4% minority (local office).

**8. Financial/Budget Impact**

The Services are budgeted for in the Labor Relations and Human Resources division budget for FY2018 and beyond.

**9. Impact if Not Approved**

The Board may elect not to approve the contract, and direct staff to issue a new RFP. However, approval of the Resolution would ensure TriMet's continued progress in optimizing resources in providing competitive benefits and ensuring the agency's ability to attract and retain qualified employees. In addition, Mercer Health and Benefits LLC was determined to offer the highest level of services, and the proposed price was determined to be fair and reasonable based on adequate price competition.

**RESOLUTION 18-02-20**

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH MERCER HEALTH & BENEFITS LLC FOR BENEFITS CONSULTING SERVICES**

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into a contract with Mercer Health and Benefits LLC for Benefits Consulting Services (Contract); and

**WHEREAS**, the total amount of the Contract is expected to exceed \$500,000; and

**WHEREAS**, the TriMet Board of Directors (Board), by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to authorize personal services contracts obligating TriMet to pay in excess of \$500,000;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or the General Manager's designee is authorized to execute the Contract in an amount not to exceed \$1,048,025.

Dated: February 28, 2018

\_\_\_\_\_  
Presiding Officer

Attest:

\_\_\_\_\_  
Recording Secretary

Approved as to Legal Sufficiency:

  
\_\_\_\_\_  
Legal Department