

Date: April 24, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-04-24 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ALIGHT HOLDING COMPANY D/B/A REED GROUP MANAGEMENT, LLC FOR THIRD-PARTY ADMINISTRATION SERVICES**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract (Contract) with Alight Holding Company, d/b/a Reed Group Management, LLC (Reed) for Third-Party Administration Services (Services) for Federal Family Medical Leave Act (FMLA), Oregon Family Medical Leave Act (OFLA), and Worker’s Compensation employee leave.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Type of Contract Procurement

- Low Bid / Invitation to Bid (ITB)
- Request for Proposals (RFP) (inc. CM/GC)
- Request for Qualifications (RFQ) (Personal Services)
- Other: Sole Source

4. Reason for Board Action

Board authorization is required for all contracts obligating TriMet to pay in excess of \$1,000,000.

5. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

6. Background

This Contract will allow TriMet to continue to outsource the administration and tracking of employee benefits under FMLA, OFLA and Worker’s Compensation, and any future amendments to the current statutes, in accordance with TriMet leave polices. TriMet has performed these Services in conjunction with Reed since 2009.

Under FMLA and OFLA, eligible employees receive important job protection when they must be absent from work for certain reasons. Examples of these reasons include absences due to the birth or adoption of a child, a serious health condition of the employee or a qualifying family member, or need to care for injured military service members. In addition, as of July 1, 2024, OFLA will provide protection for an employee's absence for pregnancy disability leave, to care for a child from any illness, injury, or condition that requires home care, or whose school or place of care has been closed in conjunction with an officially declared statewide public health emergency, and for bereavement.

When TriMet employees seek to exercise these employment rights, they typically contact TriMet's Human Resources (HR) department and/or Reed under its current contract. The FMLA/OFLA call volume experienced by TriMet and Reed is approximately 9,300 calls per year. Because not all claims are processed by telephone, the actual number of new, closed, and active FMLA/OFLA leaves averages nearly 11,000 per year.

Reed also tracks Workers Compensation claims based on weekly reporting provided by TriMet's Risk Department. If a Workers Compensation claim is approved, and the employee is eligible for FMLA/OFLA, Reed will track the FMLA/OFLA leave concurrently with the Workers Compensation claim for time off. If the Workers Compensation claim is denied, Reed sends the appropriate FMLA/OFLA notification to employee, if the employee is eligible for FMLA/OFLA leave.

Under the Contract proposed by this Resolution, TriMet's third-party administrator must timely and accurately process all leave requests for the approximately 3,400 represented and non-represented TriMet employees, must ensure the Agency's continued compliance with all statutes and regulations, and is subject to performance guarantees if these standards are not met. Further, the third-party administrator must be able to provide timely information regarding the status of all leave requests to meet the needs of TriMet's supervisors, managers and the Human Resources department, as applicable. The third-party administration also must have a complete understanding of FMLA/OFLA, and how the available employee leave under these statutes affects employee time off granted under Workers Compensation.

7. Description of Procurement Process

As the result of a 2009 procurement, Reed was awarded the original contract for these services via a competitive Request for Proposals. Of the three proposers, Reed was the only firm TriMet determined to be technically qualified to perform the work. Subsequently, in 2016, Reed Group was awarded the current Sole Source contract for these services following extensive market research, including a Request for Information conducted by TriMet staff to which only Reed responded.

As the current contract approached its expiration date, TriMet staff again conducted extensive market research and found no other firms with the ability to perform these services. Therefore, this contract is being awarded as a Sole Source. Reed has performed these services for TriMet since February 2009, and has unique, specialized knowledge with regard to TriMet's leave policies, including leave provisions for its unionized employees under the Working and Wage Agreement, tracking leave arising from Workers Compensation claims, and FMLA and OFLA regulations, and remains technically qualified to perform the work.

The proposed Contract term will be five (5) years, with a total not to exceed amount of \$1,700,000. The pricing was determined to be fair and reasonable based on TriMet's Independent Cost Estimate of \$1,654,440 over a five-year period, and previous pricing paid for the services.

8. Diversity

Reed's total workforce is approximately 10,000 employees, of whom 62% are female and 42% are minorities. Reed intends to self-perform the Services.

9. Financial/Budget Impact

First year costs associated with the Contract are included within the Labor Relations and Human Resources' FY2025 budget.

10. Impact if Not Approved

If this Resolution is not approved, TriMet could issue a solicitation to obtain a contractor for these services. This approach is not recommended because previous attempts have not obtained adequate competition, and market research does not show the existence of additional competition in the market.

RESOLUTION NO. 24-04-24

**RESOLUTION NO. 24-04-24 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
CONTRACT WITH ALIGHT HOLDING COMPANY D/B/A REED GROUP
MANAGEMENT LLC FOR THIRD-PARTY ADMINISTRATION SERVICES**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Alight Holding Company, d/b/a Reed Group Management, LLC (Reed) for Third-Party Administration Services (Contract) for Federal Family Medical Leave Act (FMLA), Oregon Family Medical Leave Act (OFLA), and Worker's Compensation Tracking; and

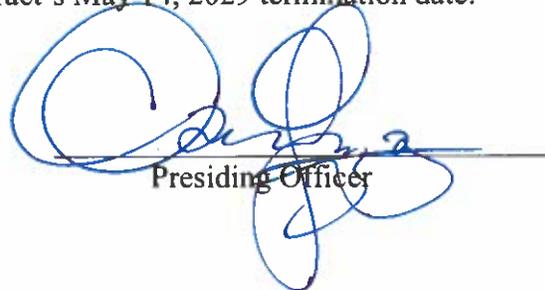
WHEREAS, by Resolution No. 22-05-35, dated May 25, 2022, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to authorize all contracts obligating TriMet to pay in excess of \$1,000,000; and

WHEREAS, the total amount of the Contract exceeds \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform with applicable law.
2. That the General Manager or his designee is authorized to execute the Contract in the amount of \$1,700,000, through the Contract's May 14, 2029 termination date.

Dated: April 24, 2024



Presiding Officer

Attest:



Recording Secretary

Approved as to Legal Sufficiency:



Legal Department