



Motion No. M2019-80

Contract with Empower Retirement for Record Keeping Services

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience & Operations Committee	7/25/2019	Final Action	Julie Honeywell, CHRO

Proposed action

Authorizes the chief executive officer to execute a three year contract with seven one-year options to extend with Empower Retirement to provide retirement plan record keeping and trust custody services for Sound Transit employees for a total authorized contract amount not to exceed \$2,621,000.

Key features summary

- Sound Transit currently contracts with Empower Retirement for these services. The existing contract expires in August 2019.
- The scope of work includes:
 - Record keeping and trust services for the Sound Transit retirement programs which consists of a 401(a) Money Purchase Plan and a 457(b) Deferred Compensation Plan.
 - Robust customer service support, including enrollment support, support for all program inquiries, case management, employee training and education, onsite retirement planning consulting sessions, and communication materials.
 - Data management services, including reports, plan documents, distribution processing, interfaces and forfeiture analysis.
- The amount being requested would cover the initial three year term and the seven one-year options to extend.

Background

The Board has delegated authority to the CEO to establish and administer employee compensation and benefit programs, including 401(a) and 457 retirement plans, and the annual cost to administer and maintain these benefit plans within the adopted budget or other Board authorization.

Sound Transit uses its competitive benefits offerings as a tool in the competitive Puget Sound market to recruit and retain highly skilled employees. The two retirement plans offered by the agency include a Social Security replacement plan, a 401(a), and an employee only contribution plan, a 457(b). The plans have been offered since 1994 and 1980, respectively.

The asset based fees for the total assets are currently at .09 percent, and will be reduced to 0.07 percent under the new contract. Sound Transit pays the administrative fees for the retirement program. This amount is included in the total contract amount.

Procurement information

Procurement and Contracts issued RFP RTA/RP 0611-18 on January 15, 2019 for the purpose of procuring Retirement Plan Recordkeeping and Related Trust Custody services for the agency. A request for Proposal (RFP) process was determined to be the best method of procurement for these services as the agency wanted to select a solution based on qualitative factors other than cost alone. Selection criteria included: (1) Participant Experience: Communications, Services, Education and Consulting; (2) Recordkeeping Services: Technology, Systems and Website; (3) Support of Current Investment Options and Alternatives; (4) Organization Focus, Experience and Stability; (5) Price; (6) Conversion/Implementation Skills and Methodology; (7) Employer Communications and Compliance Services and (8) Commitment to and Compliance with Equal Employment Opportunity Law.

On March 15, 2019, the agency received three proposals in response to this RFP. Upon completion of evaluations, Empower Retirement was found to have provided the proposal that was in the best interest of the agency and therefore was selected to provide these services.

Fiscal information

The proposed action will be funded from the Salaries and Benefits category within Sound Transit's departmental annual operating budget. The Salaries and Benefits category budget is \$147.6 million, of which a total of \$150 thousand is estimated to be spent in the first year of the contract and is within the agency's budget authority. After approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2019 annual budget. This service is non-taxable.

Funding for the additional years of the contract will be included in future annual budget requests.

Sound Transit Departments

(in thousands)

Cost Category	2019 Annual Operating Budget ¹	YTD Actuals ²	This Action (Current Year Impact Only)	YTD Actuals Plus Action (Current Year Only)	Remaining Annual Operating Budget
Salaries and Benefits	\$147,561	\$59,195	\$150	\$59,345	\$88,217
Services	103,816	34,274		\$34,274	69,541
Materials and Supplies	15,127	6,350		\$6,350	8,777
Utilities	7,337	2,881		\$2,881	4,457
Insurance	8,199	2,147		\$2,147	6,052
Taxes	3,253	1,639		\$1,639	1,613
Purchased Transportation	196,186	82,306		\$82,306	113,881
Miscellaneous	8,792	1,813		\$1,813	6,979
Interest Expense	10	2		\$2	8
Leases and Rentals	18,120	8,540		\$8,540	9,581
Total Annual Operating Budget	\$508,402	\$199,147	\$150	\$199,297	\$309,105

Contract Spending Plan	Forecasted Spend for Remainder of			Total
	Spending to Date ³	2019	Future Spending	
Empower Retirement	\$	\$150	\$2,471	\$2,621

Contract Detail	Board Approved Contract Value	Proposed Action	Proposed Revised Board Approved Contract Value
Empower Retirement	\$	\$2,621	\$2,621
Contingency			
Estimated Taxes			
Contract Amount - Total	\$	\$2,621	\$2,621
Percent Contingency	0%		

Notes:

¹ Annual 2019 Operating Budget is located on page 120 of 313 of the Adopted 2019 Budget book.

² YTD Actuals as of May 31, 2019.

³ Spending to Date as of May 31, 2019.

Disadvantaged and small business participation

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Small business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few small business and DBE subcontracting opportunities based upon the work described in this contract, so small business/DBE goals were not established.

Public involvement

Not applicable to this action.

Time constraints

A one-month delay could impact the agency’s retirement program management.

Environmental review – KH 7/11/19

Legal review – AJP 7/12/19



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A motion of the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three year contract with seven one-year options to extend with Empower Retirement to provide retirement plan record keeping and trust custody services for Sound Transit employees for a total authorized contract amount not to exceed \$2,621,000.

Background

The Board has delegated authority to the CEO to establish and administer employee compensation and benefit programs, including 401(a) and 457 retirement plans, and the annual cost to administer and maintain these benefit plans within the adopted budget or other Board authorization.

Sound Transit currently contracts with Empower Retirement for these services. The existing contract expires in August 2019.

The scope of work includes record keeping and trust services for the Sound Transit retirement programs which consists of a 401(a) Money Purchase Plan and a 457(b) Deferred Compensation Plan, robust customer service support, including enrollment support, support for all program inquiries, case management, employee training and education, onsite retirement planning consulting sessions, and communication materials, data management services, including reports, plan documents, distribution processing, interfaces and forfeiture analysis.

Sound Transit uses its competitive benefits offerings as a tool in the competitive Puget Sound market to recruit and retain highly skilled employees. The two retirement plans offered by the agency include a Social Security replacement plan, a 401(a), and an employee only contribution plan, a 457(b). The plans have been offered since 1994 and 1980, respectively.

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Motion

It is hereby moved by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three year contract with seven one-year options to extend with Empower Retirement to provide retirement plan record keeping and trust custody services for Sound Transit employees for a total authorized contract amount not to exceed \$2,621,000.

APPROVED by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 25, 2019.



Paul Roberts
Rider Experience and Operations Chair

Attest:



Kathryn Flores
Board Administrator