

# Metrorail Safety Commission

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**To:** Metrorail Safety Commissioners  
**From:** Sarah Conroy, HR Director (CliftonLarsonAllen)  
Metrorail Safety Commission  
**Date:** May 8, 2018  
**Subject:** Selection of Professional Employer Organization for MSC

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This memo will serve to update the Commission on the status of the procurement for a Professional Employer Organization (PEO) as directed by the Commissioners.

## Background

CLA was tasked with finding solutions to bring up the operations for the MSC including employee benefits programming, payroll and HR support. Research revealed the PEO to be the most viable option to offer a functional employee benefits program to support the immediate hire of the CEO. The other option was to attempt to set up all functions independently including payroll, HR systems, workers compensation and employee benefits. This quickly proved unworkable because insurance companies cannot underwrite policies until there are actually employees in the organization. The PEO option was also the most cost effective due to the nature of the shared employer platform. There are several other benefits to recommending the PEO solution including the availability of robust systems to serve the Commission's employees, including training, an employee portal for remote access and integration of services, electronic time and recordkeeping and more.

## Methodology and Review

CLA consulted the market to best understand the options available and presented these to the Commissioners for review. The Commissioners have indicated the desire to proceed with the PEO option, CLA is conducting the procurement process in accordance with prescribed federal guidelines.

CLA is using an evaluation framework with specific evaluation criteria and a scoring methodology to conduct a comparative assessment of the competing responses received. The evaluation criteria include:

- past performance,
- experience and key personnel used in providing services similar to the required services,
- an examination of the quality of services provided,
- timeliness in service delivery,
- business practices,
- overall satisfaction with the Contractor's performance.

Additional details of the evaluation criteria, proposals and analysis are available should the Commissioners wish to review them.

### Estimated Cost

Given that the MSC does not have all its employees in place the exact annual cost of benefits, including administrative costs, are not available at this time. A preliminary estimate of potential annual costs is provided based on the employee benefits that the MSC approved at its April 24, 2018 meeting and assuming that the MSC will have 13 full time employees (consistent with the organizational structure the MSC adopted at its April 10, 2018 meeting). Additionally, since the MSC is yet to select the PEO to administer the benefits and payroll services a range of the potential costs is provided at this time.

Securing a PEO to administer the employee benefits to all of the employees (up to 13 full time employees and excluding basic health care) and providing payroll services is estimated to cost between \$65,000 and \$70,000 per year. This amount would include:

- PEO administrative fees,
- premiums for workers compensation,
- basic life,
- short term and long-term disability insurances,
- administrative fees for a retirement plan (401k),
- MSC contribution for employees Dental and Vision plan,
- transit subsidy (of up to \$260/month),
- administrative fees for flexible spending accounts and employee assistance program,
- payroll processing (cost pf payroll itself and taxes not included).

In keeping with the decision to enroll MSC with the Health Care Coalition the health insurance premiums are part of the PEO services and these costs are not included in the above estimate. The United Health Care medical plan will be managed by MSC's HR function in conjunction with the Health Care Coalition. Even though the plan is not directly offered by the PEO, we anticipate it will be seamlessly integrated into the HR operations and the service will be seamless to employees. There is an initial \$1K cost to join the HCC and then a \$7/per month per employee administrative fee. For the 13 MSC employees, the annual administrative cost will be about \$1,000.

### Anticipated selection

As of the drafting of this memo, CLA is yet to complete its evaluation of alternative PEOs. We anticipate making a recommendation on a PEO to the Commissioners resulting in the MSC meeting on May 8<sup>th</sup>.