



# City of San Antonio

## Agenda Memorandum

**File Number:**20-6729

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**Agenda Item Number:** 34.

**Agenda Date:** 12/17/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Office of Risk Management

**DEPARTMENT HEAD:** Debra M. Ojo, MPA, Director

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Claims Audit Services

### **SUMMARY:**

This ordinance authorizes the City Manager or his designee to enter into a contract for claims audit services for the City of San Antonio with The Jenkins Agency, Inc. The term of this contract is three (3) years, beginning January 1, 2021 and ending December 31, 2023, with an option to extend the contract for up to two (2) one-year extensions, with total compensation not to exceed \$137,500. The estimated FY 2021 expense is \$20,625. Funding in the amount of \$10,312.50 is available in the Workers' Compensation Self Insurance Fund FY 2021 Adopted Budget and funding in the amount of \$10,312.50 is available in the Liability Self Insurance Fund FY 2021 Adopted Budget. Funding for subsequent years is contingent upon City Council approval.

### **BACKGROUND INFORMATION:**

The City of San Antonio is primarily self insured for workers' compensation, general liability and automobile liability claims. Over the last five (5) fiscal years, the City has received an average of 1,219 workers' compensation claims and 351 general liability/automobile liability claims per year. The workers' compensation claims are processed and adjusted by a Third Party Administrator (TPA). On April 19, 2019, the City entered into a 1305 Workers' Compensation Healthcare Network for medical cost containment. The City's Office of Risk Management in-house Claims Division processes and adjusts the general liability and auto liability claims.

On September 15, 2020, the Finance Department, on behalf of the Office of Risk Management, issued a

Request for Proposal (RFP) to solicit responses from qualified firms interested in providing claims audit services. The recommended Respondent will conduct an annual claims audit of the City's Third Party Administrator (TPA) workers' compensation and medical cost containment services and the City's internal general liability and auto liability claims handling program. The annual claims audit shall commence during the month of January and final reports shall be provided to the Office of Risk Management no later than March 31<sup>st</sup> of the same year. In addition, the Respondent will provide up to 50 hours of annual claims consulting services.

The RFP was advertised in the San Antonio Express News, TVSA channel, San Antonio eProcurement system, the City's Bidding & Contracting Opportunities website, and an email notification was released to a list of potential Respondents. Responses were due on October 16, 2020 and a total of two (2) firms responded to the RFP and were deemed eligible for review.

The proposals were reviewed on November 12, 2020 by the selection committee which included representatives from the Office of Risk Management, Finance, and Office of Management and Budget. Proposals were evaluated and scored based on a total of 100 points: 35 points allotted for Experience, Background and Qualifications; 25 points allotted for Proposed Plan; and 15 points for Price. Ten (10) preference points were allotted for the Small Business Economic Development Advocacy (SBEDA) Program, in addition to 10 points allotted for the Local Preference Program, and 5 points for the Veteran-Owned Small Business Preference Program.

After committee review and discussion, individual technical scores were submitted, and the aggregate scores were presented. The Jenkins Agency, Inc. received the highest ranking and was recommended for award by the evaluation committee.

## **ISSUE:**

Award of this contract will allow for the continuation of claims audit services necessary for the City to maintain its comprehensive risk management program.

The Goal Setting Committee applied the Small and Minority/ Women-Owned Business Enterprise Prime Contract (SBEDA) Program with five (5) SBE Prime Contract Program evaluation preference points awarded to a vendor if they are certified as SBE located within the San Antonio Metropolitan Statistical Area and five (5) M/WBE Prime Contract Program evaluation preference points awarded to a vendor if they are certified as M/WBE located within the San Antonio Metropolitan Statistical Area. However, The Jenkins Agency, Inc. was not eligible to receive any preference points.

The Local Preference Program and the Veteran-Owned Small Business Preference Program were applied in the evaluation of responses received for this contract; however, none of the respondents are local businesses or veteran-owned small businesses.

## **ALTERNATIVES:**

The City could attempt to perform internal claims auditing. This would require additional specialized and experienced personnel and associated staffing costs and would not necessarily guarantee the same level of independent scrutiny as that provided by an unaffiliated, third-party contractor.

## **FISCAL IMPACT:**

This ordinance approves a Professional Services Agreement with The Jenkins Agency, Inc. to provide claims audit services to the City for a 3-year term beginning January 1, 2021 and ending December 31, 2023, with an option to extend the contract for up to two (2) one-year extensions, with total compensation not to exceed \$137,500. The estimated FY 2021 expense is \$20,625. Funding in the amount of \$10,312.50 is available in the Workers' Compensation Self Insurance Fund FY 2021 Adopted Budget and funding in the amount of \$10,312.50 is available in the Liability Self Insurance Fund FY 2021 Adopted Budget. Funding for subsequent years is contingent upon City Council approval.

**RECOMMENDATION:**

Staff recommends approving a Professional Services Agreement with The Jenkins Agency, Inc. to provide claims audit services to the City for a 3-year term beginning January 1, 2021 and ending December 31, 2023, with an option to extend the contract for up to two (2) one-year extensions, subject to and contingent upon funding by City Council, with total compensation not to exceed \$137,500.

This contract is procured by means of Request for Proposals, and the Contracts Disclosure form is attached.