



# City of San Antonio

## Agenda Memorandum

**File Number:**19-9072

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**Agenda Item Number:** 27.

**Agenda Date:** 1/16/2020

**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:** Citywide

### **SUBJECT:**

Actuarial Services for Self-Funded Workers' Compensation & Liability

### **SUMMARY:**

This ordinance authorizes the City Manager or his/her designee to enter into a contract with Pinnacle Actuarial Resources, Inc. to provide actuarial services for the City of San Antonio, Office of Risk Management Department. The term of this contract is three (3) years, beginning February 1, 2020, and ending January 31, 2023, with an option to extend the contract for up to two (2) one (1) year extensions, subject to and contingent upon funding by City Council, with total compensation not to exceed \$85,000.00. The estimated annual expense is approximately \$17,000.00.

### **BACKGROUND INFORMATION:**

The City maintains Workers' Compensation and General Liability Self Insurance Funds ("WC/GL Self Insurance Funds") from which it pays approximately 1,700 workers' compensation and 1,000 general liability claims annually. The City retains the services of a licensed Independent Consulting Actuary who is a member of the Casualty Actuarial Society to conduct a comprehensive annual actuarial analysis and a mid-year adjustment to the annual actuarial analysis of the City's self-insured workers' compensation and liability programs to ensure the program is adequately funded. The actuarial analysis includes estimated claim reserves which are annually tested by the City's external auditors as part of their determination of the reasonableness and fair presentation of the City's financial statements. The City may also request the Consulting Actuary to evaluate the existing methodology for City-wide assessments to be charged against individual City department's cost centers within the City budget, which will enhance the current process. The assessment methodology will be created by utilizing the Consultant's expertise, skills and identified industry best practices.

A Request for Proposal (RFP 19-090) was issued on September 18, 2019 to select a licensed Independent

Consulting Actuary who is a member of the Casualty Actuarial Society to conduct a comprehensive annual actuarial analysis and, at the City's option, a mid-year adjustment to the annual actuarial analysis, of the City's self-insured workers' compensation and liability programs. The RFP was advertised in the San Antonio Express News; TVSA channel, San Antonio eProcurement system and an email notification was released to a list of potential Respondents. Responses were due on October 18, 2019 and a total of two (2) firms responded to the RFP and were deemed eligible for review.

The proposals were reviewed by the selection committee on November 22, 2019, which included representatives from the Office of Risk Management, Finance Department and the Office of Management and Budget. Proposals were evaluated and scored based on Experience, Background, and Qualifications, Proposed Plan, Price, the Local Preference Program and the Veteran-Owned Small Business Program.

## **ISSUE:**

Award of this contract will allow for the continuation of City Council's policy of providing actuarial consulting services for the purpose of insuring proper assessments are charged against individual department's cost centers within the City budget to finance the WC/GL Self Insurance Funds.

This contract is within the scope of the Small Business Economic Development Advocacy (SBEDA) Program. However, due to the lack of availability of small, minority, and/or women-owned businesses to perform the services being procured and value of the contract, no SBEDA tool was applied to this solicitation.

There were no proposals submitted from local respondents for this contract; therefore, the Local Preference Program was not applied.

There were no proposals submitted from veteran-owned small business respondents for this contract; therefore, the Veteran-Owned Small Business Preference Program was not applied.

## **ALTERNATIVES:**

Should this agreement not be approved, the alternative of taking no action would result in inaccurate assessment of necessary contributions from individual departments, which is required to maintain the integrity and viability of the City's WC/GL Self Insurance Funds.

The City could also re-engage in the Request for Proposal process to select a vendor, but this course of action would require a significant amount of time and could result in a possible disruption of services.

## **FISCAL IMPACT:**

This ordinance approves a Professional Services Agreement with Pinnacle Actuarial Resources, Inc. to provide actuarial services to the City for a 3 year term beginning February 1, 2020, and ending January 31, 2023, with an option to extend the contract for up to two (2) one (1) year extensions, subject to and contingent upon funding by City Council, with total compensation not to exceed \$85,000.00. The estimated annual expense is approximately \$17,000.00. Funds in the amount of \$17,000.00 are included in the FY 2020 Adopted Budget in the Liability and Workers' Compensation Funds.

## **RECOMMENDATION:**

Staff recommends approving a Professional Services Agreement with Pinnacle Actuarial Resources, Inc. to provide actuarial services to the City for a 3 year term beginning February 1, 2020, and ending January 31,

2023, with an option to extend the contract for up to two (2) one (1) year extensions, subject to and contingent upon funding by City Council, with total compensation not to exceed \$85,000.00. This contract is procured by means of Request for Proposals. The Contract Disclosure Form is attached.