TO: Mayor and City Council
FROM: Sharon De La Garza, Director of Human Resources Department
THROUGH Terry M. Brechtel, City Manager
COPIES TO: Frances A. Gonzales, Assistant City Manager; Milo Nitschke, Director of Finance; Michael Rich, Risk Manager; File
SUBJECT: Professional Services Contract for Third Party Claims Administration Services
DATE: September 23, 2004

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the City Manager or her designee to renew a contract with Cambridge Integrated Services Group, Inc. to provide Third Party Claims Administration Services for the City's Self-Insured Liability and Workers' Compensation programs. The term of the contract renewal will be for a one-year period beginning October 1, 2004 through September 30, 2005, at a cost of $1,113,738.00.

Staff recommends approval of this ordinance.

BACKGROUND

The City employs a Third Party Administrator to process, investigate, adjust, negotiate, and make payments for claims in accordance with the requirements of the Texas Workers' Compensation Act and the Texas Tort Claims Act. The City has had its Workers' Compensation and Liability programs administered since 1974 through various third party administrators. The Third Party Claims Administrator provides a vital service to the City by processing approximately 1,900 Workers' Compensation and 1,400 Liability claims a year.

Pursuant to Ordinance No. 92177, dated July 27, 2000, the City Manager and the Chief Operations Manager for Cambridge Integrated Service Group, Inc. executed an agreement for the provision of Third Party Claims Administration Services for an initial one-year period, which allowed for a renewal for four (4) successive one (1) year periods. The cost for this renewal period is $1,113,738.00. Through this Ordinance the City will be exercising its final renewal option under the same terms and conditions.

POLICY ANALYSIS

On July 27, 2000, City Council passed and approved Ordinance 92177 which authorized the execution of the original contract between the City and Cambridge Integrated Services Group, Inc. On September 27, 2001, City Council passed and approved Ordinance 94620 which renewed and extended the original contract for the second year. On October 31, 2002, City Council passed and approved
Ordinance 96653, which renewed and extended the contract for the third year. On September 25, 2003, the contract was renewed and extended for the fourth year, and City Council passed and approved Ordinance 98217. This Ordinance will authorize the continuation of the Third Party Claims Administration Services for the final year of the five (5) year period as agreed upon in the contract.

FISCAL IMPACT

Third Party Claims Administration Services are budgeted for annually in the Self-Insurance Workers' Compensation and Liability Funds. The sources of these funds include operating revenues through departmental assessments for risk management services and non-operating revenues. Non-operating revenues include interest on time deposits, stop loss payments and recovery of subrogated claims. This Ordinance will authorize one full and final year of Third Party Claims Administration Services.

COORDINATION

The Human Resources Department, Risk Management Division has coordinated this item with the City Attorney's Office and Finance Department.

SUPPLEMENTAL COMMENTS

The City's Risk Manager has evaluated the services provided by Cambridge Integrated Services Group, Inc. and has determined them to be in compliance with the scope of services contained in the contract. In February 2005, staff will initiate the RFP process for the selection of a new Third Party Claims Administration contract.

The Discretionary Contracts Disclosure Form is attached.

SIGNATURES

Sharon De La Garza
Director of Human Resources

Frances A. Gonzalez
Assistant City Manager

APPROVED:

Terry M. Bechtel
City Manager
City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State 'Not Applicable' for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the Information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons
For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

No individual, Cambridge Integrated Services Group, Inc. only.

(2) the identity of any business entity\(^1\) that would be a party to the discretionary contract:

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract:

Subcontractor will be utilized only at the direct consent of the City of San Antonio, and subcontractors will be required to meet the minimum specifications and service standards required by the City of San Antonio. Please refer to the proposal for recommended subcontractors.

and the name of:

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract:

Cambridge can provide all services proposed in this contract without any other individual or business entity.

\(^1\) A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.
(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract: all political contributions totaling one hundred dollars ($100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1); (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made: None
Amount: N/A
Date of Contribution: N/A

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

To our knowledge Cambridge would not violate Section 1 Part B by participating in official action relating to the discretionary contract.

Signature: Jeffrey L. Harr
Title: Senior Vice President & Operating Officer
Company: Cambridge
Date: 09/15/2004

2 For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.