CITY OF SAN ANTONIO OFFICE OF MANAGEMENT & BUDGET NO. 25 INTERDEPARTMENTAL CORRESPONDENCE

TO:	Mayor and City Council
FROM:	Louis A. Lendman, Director of Office of Management & Budget
THROUGH:	Terry Brechtel, City Manager
COPIES TO:	Milo Nitschke. Director of Finance; Michael Rich. Risk Manager; File
SUBJECT:	Professional Services Contract for Third Party Administrator
DATE:	September 25,2003

SUMMARY AND ENDATIONS

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 1,2003 through September 30,2004, at a cost of \$1,061,500.

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 program administered since 1974 and its Liability program administered since 1983 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, the City Manager and the Chief Operations Manager of 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 \$1,061,500.00. Through this Ordinance the City will be exercising its third 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, the first renewal of this contract was passed and approved by City Council pursuant to Ordinance 94620. On October 31,2002, City Council passed and approved Ordinance 96653, which authorized the second renewal. This Ordinance will authorize the continuation of theses services for an additional year as provided for in this 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 year of Third Party Claims Administration Services and recurring expenditures for subsequent years will be requested through Ordinance annually.

COORDINATION

The Office of Management & Budget 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. I concur with this evaluation. The Discretionary Contracts Disclosure Form is attached.

SIGNATURES

Director of Office of Management & Budget

Christopher J. Brady Assistant City Manager

APPROVED:

City Manager

City of San Antonio Discretionary Contracts Disclosure*

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Baking the discretionary contract is the subject of council sesson, and no later than, then (3) business days often any change about the discretion 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

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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-

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

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None-

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^{1.} business entity means a sole proprietorship, portnership, firm, corporation, holding company, joint-stock company, receivership, trust, unknoorporated association, or any other entity recognized by law,

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To Whom Made:	Amount	Date of Contribution:
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official actions along to be discretionary contract.

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

Si; nature:

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Date:

Anthony R. Zumbano

Vice Chairman company:

Cambridge

9/19/03

² P.) purposes of this rule, facts are "reasonably understood" to "raise a quiestion" about the appropriateness of official action if a client extended pursuan mould consider that the facts, if true, require rectical or require cataful consideration of whether or not rectical territures.