



# City of San Antonio

## Agenda Memorandum

### File Number:

---

**Agenda Item Number:** 31

**Agenda Date:** November 21, 2024

**In Control:** City Council A Session

---

**DEPARTMENT:** Office of Risk Management

**DEPARTMENT HEAD:** Debra Ojo

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Claims Audit Services

**SUMMARY:**

This ordinance authorizes a contract with 3rd Stage, LLC., to provide claims audit services for the City of San Antonio's Office of Risk Management. The term of the agreement is for a three year period from January 1, 2025 – December 31, 2027, with two additional one-year renewal periods for a first year cost of \$33,000.00 and an estimated total contract cost of \$182,347.00.

**BACKGROUND INFORMATION:**

Submitted for City Council consideration and action is a proposal submitted by 3rd Stage, LLC., to provide claims audit services for the Office of Risk Management (ORM). These services include providing workers' compensation (WC), general and auto liability claims audit services.

The City of San Antonio is primarily self-insured for WC, general liability and auto liability claims. Over the last five fiscal years, the City of San Antonio has received an average of 1,517 WC claims and 1,318 general and auto liability claims per year. The WC 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. ORM in-house Claims Division processes and adjusts the general/auto liability claims.

The City of San Antonio issued a Request for Proposals (RFP) for "Claims Audit Services" (RFP 24-077, 6100018007) on April 24, 2024, with a submission deadline of May 28, 2024. The RFP was advertised in the HartBeat, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio e-Procurement System and an email notification was released to a list of potential respondents. Two proposals were received, and both proposals were deemed responsive for evaluation.

The evaluation committee consisted of representatives from ORM and the Finance Department. The Finance Department, Procurement Division assisted by ensuring compliance with City procurement policies and procedures. The evaluation of each proposal was based on a total of 100 points: 35 points allotted for experience, background and qualifications; 25 points allotted for proposed plan; 15 points allotted for respondent's price schedule; 5 points allotted for the Small Business Enterprise (SBE) Prime Contract Program; 5 points were allotted for the Minority/Women Business Enterprise (M/WBE); up to 10 preference points allotted for the Local Preference Program and 5 preference points allotted for the Veteran-Owned Small Business Preference Program. Additional categories of consideration included references and financial qualifications.

The evaluation committee met to discuss and score the two proposals on August 26, 2024. The top ranked firm was 3rd Stage, LLC., and is recommended for award.

The initial term of the agreement will be for the period beginning on January 1, 2025 through December 31, 2027, with two additional, one-year renewals at the City's option which will also be authorized by this ordinance.

#### **ISSUE:**

This contract will provide for the continuation of claims audit services necessary for the City to maintain its comprehensive risk management program.

The Local Preference Program applied to this contract; however, the recommended firm is not a local business.

The Veteran-Owned Small Business Preference Program applied to this contract; however, the recommended firm is not a veteran-owned small business.

#### **ALTERNATIVES:**

Should this contract not be approved, the City could attempt to perform internal claims auditing. This would require additional specialized and experience 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 authorizes a contract with 3rd Stage, LLC., to provide claims audit services for the City of San Antonio's Office of Risk Management. The term of the agreement is for a three year period from January 1, 2025 – December 31, 2027, with two additional one-year renewal periods for a first year cost of \$33,000.00 and an estimated total contract cost of \$182,347.00. Funding is available from the FY 2025 Self-Insurance Fund Adopted Budgets. Funding for subsequent years is contingent upon the City Council approval of the annual budget.

**RECOMMENDATION:**

Staff recommends approval of this ordinance.