



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 25

**Agenda Date:** April 11, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

First Amendment to the Professional Services Agreement for Consulting and Actuarial Review Services for Self-Funded Workers' Compensation and Liability

**SUMMARY:**

This ordinance authorizes an amendment to the professional services agreement with Madison Consulting Group, Inc. for consulting and actuarial review services for the Self-Funded Workers' Compensation and Liability programs. This amendment would add a mid-year actuarial report, in addition to the year-end reports currently contracted, for fiscal years 2024 through 2027, with two additional, one year renewal options covering fiscal years 2028 and 2029. This ordinance also authorizes Madison Consulting Group, Inc. to utilize a subcontractor, FTI Consulting, Inc. to assist in the performance of the agreement.

This amendment would increase the contract value by \$62,000.00 over the life of the contract to a revised total contract value of \$131,000.00. Funding for this amendment in the amount of \$10,000 is available within the Liability Insurance Fund FY 2024 Adopted Budget and in the amount of \$10,000 from the Workers' Compensation Fund FY 2024 Adopted Budget. Funding for future years is contingent upon City Council approval of the annual budget and funds.

## **BACKGROUND INFORMATION:**

The City has had an established self-insurance program for its auto liability and general liability exposures since October 1, 1983 and for its exposure to workers' compensation claims since October 1, 1985. The City utilizes the services of a licensed Independent Consulting Actuary to: (1) conduct a comprehensive annual actuarial analysis of the City's self-insured workers' compensation and liability programs; (2) be able to identify the claims or activities that are causing significant fluctuations in the annual actuarial liability; and (3) attend all City quarterly claims meetings for the purpose of jointly reviewing the City's claim reserves, assumptions, and anomalies with the goal of providing additional context for consideration in the development of the respondent's year-end actuarial analysis.

The City entered into the Professional Services Agreement with Madison Consulting Group, Inc. as authorized by City of San Antonio Ordinance No. 2023-11-30-0877, passed and approved on November 30, 2023. The original contract term included actuarial reviews for fiscal year ends 2023 through 2027 with two (2) additional one (1) year extensions covering fiscal years 2028 and 2029.

This amendment adjusts the number of actuarial reviews conducted annually from once a year to twice a year to include a mid-year review in addition to a year end review. The addition of the mid year review allows the City to identify trends or issues earlier during the preparation of the City's annual forecast that may impact the liability and workers compensation claims and reserve estimates.

This amendment will begin upon the effective date of the ordinance awarding the amendment. The contracts will terminate after completion of services for the last fiscal year-end or valuation report date as noted in the awarded term of the contracts.

## **ISSUE:**

This amendment will provide consulting and actuarial review services for the Self-Funded Workers' Compensation and Liability Funds to be done twice a year to comply with generally accepted accounting principle requirements and assist the City in its development of future budget year assessments.

## **ALTERNATIVES:**

Should this amendment not be approved, Finance Department will continue to have the actuarial report conducted once a year, at fiscal year-end resulting in the inability to consider or implement any budget adjustments until mid-year of the next fiscal year; or the budget adoption year following the year-end report (two budgets later).

## **FISCAL IMPACT:**

This ordinance authorizes an amendment to the professional services agreement with Madison Consulting Group, Inc. for consulting and actuarial review services for the Self-Funded Workers' Compensation and Liability programs. This amendment would add a mid-year actuarial report, in addition to the year-end reports currently contracted, for fiscal years 2024 through 2027, with two additional, one year renewal options covering fiscal years 2028 and 2029. This ordinance also authorizes Madison Consulting Group, Inc. to utilize a subcontractor, FTI Consulting, Inc. to assist in the performance of the agreement.

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**RECOMMENDATION:**

Staff recommends approval of the amendment with Madison Consulting Group, Inc. for the consulting and actuarial services.