



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Christine Taylor
DATE: September 30, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract extension between the City of Denton and Gallagher Bassett Services, Inc., for one (1) year, to continue third party administration services to manage workers' compensation claims for employee injuries under the City's self-funded workers' compensation program; and declaring an effective date (File 7553 – extending a contract with Gallagher Bassett Services, Inc., for a one (1) year term).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

INFORMATION/BACKGROUND

The City of Denton uses the specialized knowledge, experience, and computer systems of a third-party administrator (TPA) to handle the City's self-funded workers' compensation claims, in accordance with the Texas Workers' Compensation Act. Additionally, because the City can, at times, find itself in an adversarial position with the injured worker if a dispute arises during the adjusting and management of a claim, it is beneficial for the City to use a TPA to provide a "buffer" between the parties. The TPA provides the direct and ancillary services needed to properly manage a workers' compensation claim, including impairment benefit calculation and payment, medical bill reviews, claim investigations, case management, audits and payments, appearance at Division of Workers' Compensation hearings, among other required services related to workers' compensation cases.

The City's Risk Management staff, with the assistance of Lockton Companies, LLC (Lockton), the City's property, casualty, and workers' compensation consultant, is exploring alternate insurance carriers that offer TPA services. To avoid a potential interruption or duplication of services if a new carrier is selected, a one-year extension is requested. Upon completion of alternate carrier exploration, if options are not satisfactory, Risk Management staff will go through the Request for Proposals (RFP) process in January 2026 to procure a new five (5) year term with the City's current TPA servicer.

Extending this contract will allow a continuation of workers' compensation claim management while we review options for alternate services as the needs of the City change.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 5, 2021, City Council approved a contract with Gallagher Bassett Services, Inc., in the not-to-exceed amount of \$770,000 (Ordinance 20-2559).

RECOMMENDATION

Award a contract extension with Gallagher Bassett Services, Inc., to continue third party administration services to manage workers' compensation claims for the employee injuries under the City's self-funded workers' compensation program, in a one (1) year term.

PRINCIPAL PLACE OF BUSINESS

Gallagher Bassett Services, Inc.
Rolling Meadows, IL

ESTIMATED SCHEDULE OF PROJECT

This is a one (1) year extension.

FISCAL INFORMATION

These products and services will be funded through the Risk Management's Workers' Comp Administration budget on an as-needed basis.

EXHIBITS

- Exhibit 1: Agenda Information Sheet
- Exhibit 2: Original Ordinance and Contract
- Exhibit 3: Ordinance

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Cristin Schnack, 940-349-8374.

Legal point of contact: Marcella Lunn at 940-349-8333.