



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Christine Taylor
DATE: December 16, 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 with Alternative Claims Management, LLC (Provider), to provide specialized subrogation recovery services for Risk Management as a pilot program for the Human Resources Department; authorizing the City Manager to take those actions necessary for city's performance under the contract; providing for the retention of a percentage by provider for amounts recovered through performance of the services; and providing an effective date (File 8940 – awarded to Alternative Claims Management, LLC, for a one (1) year term).

INFORMATION/BACKGROUND

The Risk Retention Fund is utilized to cover repair costs for City-owned property and vehicles damaged in accidents. When the City is not at fault, the Risk Management division conducts investigations to identify responsible parties and pursues subrogation to recover repair or replacement costs. In addition to direct repair expenses, the City may also seek compensation for associated damages such as loss of use, diminished value, and revenue loss.

Currently, staff rely on third-party appraisal services to determine claim values, with each appraisal averaging \$200. The department manages a continuous caseload of approximately 150–200 claims, all administered by a single claims administrator. Risk Management does not have access to valuation software based on industry and market standards, nor does it maintain agreements with software vendors. Due to cost considerations, the department does not plan to acquire such software at this time.

Alternative Claims Management, LLC (ACM) is a specialized vendor offering advanced fleet-vehicle valuation and recovery services. Their model includes recovery of repair costs, loss of use, diminished value, and revenue loss. They operate on a contingency-only fee basis with no upfront cost to the City. ACM reports average net recoveries of 18–40% above standard physical repair costs and may also recover older or dormant claims.

VENDOR OVERVIEW AND FISCAL IMPACT SUMMARY

The City of Denton is evaluating a specialized vendor, ACM, to enhance recovery efforts related to not-at-fault vehicle damage claims. ACM focuses on fleet vehicle incidents, offering advanced damage valuation and recovery services for repair costs, loss of use, diminished value, loss of revenue, and other often-overlooked damages. Their performance-based model requires no upfront costs. Utilizing ACM offers several strategic benefits. This vendor will increase revenue by recovering damages the City currently does

not pursue or cannot accurately calculate, including supplemental damages such as loss of use, diminished value, and loss of revenue. Their services reduce staff workload by outsourcing valuation, investigation, and recovery tasks, while also improving accuracy through access to industry-standard valuation tools not available internally. ACM provides a revenue-generating agreement that replenishes the General Fund and ensures third parties fully compensate the City for damages incurred.

The fiscal impact of engaging ACM includes reduced reliance on \$200 third-party appraisals, increased recovery of advanced damage categories, and a low-risk financial model due to their contingency-based fee structures.

RECOMMENDATION

Award a contract with Alternative Claims Management, LLC, to provide specialized subrogation recovery services for Risk Management as a pilot program for the Human Resources Department, in a one (1) year term.

PRINCIPAL PLACE OF BUSINESS

Alternative Claims Management, LLC
San Antonio, TX

ESTIMATED SCHEDULE OF PROJECT

This is a one (1) year contract.

FISCAL INFORMATION

This is a revenue-generating agreement. The City incurs no upfront cost and pays only a small contingency fee based on supplemental damages recovered. All remaining funds flow directly into the City's General Fund.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance and Contract

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

For information concerning this acquisition, contact: Tiffany Harris, 940-349-7822.

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