



# City of Austin

## Recommendation for Action

**File #:** 25-1837, **Agenda Item #:** 26.

9/11/2025

### **Posting Language**

Authorize a contract for workers' compensation subrogation and recovery services for the Human Resources Department with Dean G. Pappas Law Firm PLLC, for an initial term of two years with up to three 1-year extension options for an estimated revenue amount of \$1,350,000 for Fiscal Year 2025 to Fiscal Year 2030 for the Operating Budget of the Human Resources Department.

### **Lead Department**

Financial Services Department.

### **Client Department(s)**

Human Resources Department.

### **Fiscal Note**

This item is projected to result in revenue of approximately \$1,350,000 for Fiscal Year 2025 to Fiscal Year 2030 for the Operating Budget of the Human Resources Department.

### **Purchasing Language:**

The Financial Services Department issued a Request for Proposals solicitation RFP 5800 SLW3022REBID for these services. The solicitation was issued on May 12, 2025, and closed on June 12, 2025. Of the three offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's website. This information can currently be found at

[https://financeonline.austintexas.gov/afo/account\\_services/solicitation/solicitation\\_details.cfm?sid=142700](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=142700).

### **MBE/WBE:**

This contract will be awarded in accordance with the City Code Chapter 2-9B (Minority-Owned and Women-Owned Business Enterprise Procurement Program). For the services required for this solicitation, there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established.

### **For More Information:**

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: [FSDCentralProcurementRCAs@austintexas.gov](mailto:FSDCentralProcurementRCAs@austintexas.gov) or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

### **Additional Backup Information:**

The contract provides a firm licensed by the State of Texas with experience in workers' compensation subrogation services to investigate, negotiate, settle, and recover funds from third parties who are at fault related to workers' compensation injuries experienced by City employees. Subrogation services are the use of a contractor to pursue recovery of claim payments from a third party who is responsible for the loss.

The City has a self-funded workers compensation program that provides payment for all reasonable medical

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expenses and lost wages associated with compensable workers' compensation claims as required by the State of Texas. The Human Resources Department manages the program and is responsible for the proper oversight and stewardship of taxpayer funds. Claims recovery amounts to be pursued under this contract shall include the subrogation of medical and indemnity costs as well as City payments of any supplemental wage benefits paid to injured City employees.

The contractor will recover funds paid under the workers' compensation claim from the third party responsible and will be paid a contingency fee based on a percentage of the amount recovered. The City has performance measures designed to track the progress of the contractor in the recovery of funds and requires a quarterly report identifying active cases, amounts recovered, and pre-and-post suit information.

This is a new contract to begin on October 1, 2025 with the contractor working on all open and new potential subrogation cases at contract commencement. Currently, the services are included in a bundled contract of services and provided by the workers' compensation third party administrator. City staff believe it is beneficial to have representation from a law firm in the pursuit of workers' compensation recovery efforts to optimize maximum recovery from liable third parties.

An evaluation team with expertise in this area evaluated the offers and scored Dean G. Pappas Law Firm PLLC as the best to provide these services based on general requirements, performance guarantees, and subrogation services technical plan and strategy, company information, experience, personnel, and references, local business preference, small business preference, and price.

A delay in contract approval could have an impact on the prompt recovery of monies from third parties deemed to be at-fault in association with the workers' compensation claim.

Contract Details:		
Contract Term	Length of Term	Contract Revenue
Initial Term	2 years	\$540,000
Optional Extension 1	1 year	\$270,000
Optional Extension 2	1 year	\$270,000
Optional Extension 3	1 year	\$270,000
<b>Total</b>	<b>5 years</b>	<b>\$1,350,000</b>

**Note:** Contract Authorization amounts are based on the City's estimated annual usage.