



City of Austin

Recommendation for Action

File #: 26-2649, **Agenda Item #:** 35.

10/8/2026

Posting Language

Authorize a contract for workers compensation third party administration and related services for Austin Human Resources with Tristar Risk Management/Tristar Insurance Group, for an initial term of two years in an estimated amount of \$4,210,000 with up to three 1-year extension options each in variable amounts for a total contract amount not to exceed \$11,080,000. Funding: \$2,105,000 is available in the Operating Budget of Austin Human Resources. Funding for the remaining contract term is contingent upon available funding in future budgets.

Lead Department

Austin Financial Services.

Client Department(s)

Austin Human Resources.

Fiscal Note

Funding in the amount of \$2,105,000 is available in the Fiscal Year 2026-2027 Operating Budget of Austin Human Resources.

Funding for the remaining contract term is contingent upon available funding in future budgets.

Procurement Language:

Austin Financial Services issued a Request for Proposals solicitation RFP 5800 SLW3033 for these services. The solicitation was published on June 23, 2026, and closed on July 28, 2026. Of the five offers received, the proposal submitted by the recommended contractor represented best value to the City based on the solicitation's evaluation criteria. 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=144355.

MBE/WBE:

This contract will be awarded in compliance 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 no subcontracting opportunities; therefore, no subcontracting goals were established.

For More Information:

Direct questions regarding this Recommendation for Council Action to Austin Financial Services - Central Procurement at: 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 City is self-insured for workers' compensation, meaning the City pays benefits directly for eligible work-related injuries and illnesses. A third-party administrator is a contractor that receives and investigates claims,

determines whether claims are covered, issues medical and income benefit payments, maintains claim records, and submits required state and federal reports.

This contract will support the City's goals of providing timely benefits, complying with Texas workers' compensation requirements, communicating consistently with injured employees and City departments, and managing public funds responsibly. Performance will be measured through regulatory oversight results, annual claim audits, timely and accurate reports, completion of claim-review action items, staffing and adjuster caseload requirements, timely claim decisions and electronic benefit payments, regular contact with employees who are not working or are working with restrictions, and response-time standards.

This will replace the current contract ending December 31, 2026. The requested authorization is based on offers received and departmental estimates of future needs. The recommended contractor is not the current provider of these services.

An evaluation team with expertise in this area evaluated the offers and scored Tristar Risk Management / Tristar Insurance Group as the best to provide these services based on claims administration, experience and qualifications, reporting technology and data analytics, price, local business preference, and small business preference.

If the contract is not approved, the City would not have a new third-party administrator in place for January 1, 2027, which could disrupt claim handling, required regulatory reporting, medical and income benefit payments, communications with injured employees, and departmental access to claim information.

Contract Details:

Contract Term	Length of Term	Contract Authorization
Initial Term	2 years	\$4,210,000
Optional Extension 1	1 year	\$2,210,000
Optional Extension 2	1 year	\$2,300,000
Optional Extension 3	1 year	\$2,360,000
Total	5 years	\$11,080,000

Note: Contract Authorization amounts are based on the City's estimated annual usage and may be more or less in the initial term and in each exercised optional extension; however, the total contract amount will not exceed \$11,080,000.