



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

September 2, 2022

### FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin   
Director of Budget and Policy Analysis

FROM: Malcolm Moody - *MM*  
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CR-081-2022, Contract Approvals – Multiyear contract to procure Claims Administration Services for Prince George's County, Maryland on behalf of the Prince George's County Office of Finance/Risk Management Unit.

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**CR-081-2022** (*Proposed and introduced by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole (COW)

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**A RESOLUTION CONCERNING CONTRACT APPROVALS** for the purpose of approving certain multiyear contracts in accordance with the Prince George's County Charter section 819 and Subtitle 10 of the Prince George's County Code.

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### Fiscal Summary

#### Direct Impact:

*Expenditures:* Increased additional expenditures in the form of annual payments totaling \$23,745,645 over a five-year period.

*Revenues:* N/A.

**Indirect Impact:**

None Likely.

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**Legislative Summary:**

CR-081-2022, proposed by the Chair at the request of the County Executive and sponsored by Council Members Hawkins, Taveras, and Medlock was introduced on June 21, 2022, and referred to the Committee of the Whole (COW). CR-081-2022 would approve the terms and conditions of a multi-year contract between the County's Office of Finance/Risk Management Unit and Sedgwick Claims Management Services to provide claims administration services for workers' compensation, auto, third party liability and property claims.

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**Current Law/Background:**

Under Section 819<sup>1</sup> of the Charter for Prince George's County, Maryland, the County Council must approve, by resolution, all multiyear contracts exceeding an aggregate of Five Hundred Thousand Dollars (\$500,000).

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**Resource Personnel:**

- Stephen J. McGibbon, Director, Office of Finance
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**Discussion/Policy Analysis:**

CR-081-2022 would approve a multi-year contract with Sedgwick Claims Management Services, Inc.<sup>2</sup> to provide third party administration services for workers' compensation, auto, third party liability, and property claims for a five (5) year period<sup>3</sup>. The contractor also will administer the Prince George's County Board of Education Auto Liability Fund. According to the Office of Finance, the cost for the participating agencies is approximately \$4.8 million for Year one (1), and it is estimated to remain at the same level for Year 1 – 5 of the initial contract periods. The contract expires after five (5) years or until the extended years for the contract are no longer renewed. The cost for each additional year of the contract cannot exceed three percent (3%) of the cost from the previous year. The current version of the CR-081-2022 is supported by the Office of Finance and there are no recommendations for any additional amendments.

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<sup>1</sup> Section 819. - Appropriation Control and Certification of Funds.

<sup>2</sup> <https://www.sedgwick.com/>

<sup>3</sup> Option included to extend contract for up to five (5) additional one (1) year periods.

The terms and conditions of the multi-year contract are detailed within Attachment A<sup>4</sup> to the Resolution.

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**Fiscal Impact:**

*Direct Impact*

Adoption of CR-081-2022 would have a adverse fiscal impact on the County in the form of additional expenditures for annual payments under the agreement (See Attachment B)<sup>5</sup>. The scheduled payments are as follows:

- Years 1 - 5: **\$4,749,129** per year.
- Year 6: **\$4,891,603**
- Year 7: **\$5,038,351**
- Year 8: **\$5,189,502**
- Year 9: **\$5,345,187**
- Year 10: **\$5,505,542**

Total of payments (5 Year Initial Period): **\$23,745,645**

Total of payments (5 Year Initial Period) + (Year 6-10 Optional Years): **\$49,715,829**

*Indirect Impact*

None likely.

*Appropriated in the Current Fiscal Year Budget*

Yes.

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**Effective Date of Proposed Legislation:**

The proposed Resolution shall be effective on the date of adoption.

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If you require additional information, or have questions about this fiscal impact statement, please call me.

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<sup>4</sup> [Multi-Year Contract Details](#)

<sup>5</sup> [Multi-Year Payment Details](#)