

Executive Summary

Board of Governors Meeting, September 23, 2020

Business Process Outsourcing (BPO) - Inbound and Outbound Call Center Services

Pricing Adjustment Extension

Contract Number – 18-17-0013-01 Vendor – Y&Y Holdings, LLC (“Agility Marketing”)
Contract Number – 18-17-0013-08 Vendor – MacNeill Group, Inc.

Summary

To support and accompany the BPO-Inbound and Outbound Call Center Services Action Item, this Executive Summary provides further insight around the requested extension of pricing adjustments approved at the June 24, 2020 Board of Governors meeting. Approval of this Action Item will allow Citizens to avoid a potential interruption in service related to two active vendors as Citizens works to secure similar services through an Invitation to Negotiate (ITN) solicitation. Extending the current pricing allows Citizens time to recommend award to the Board of Governors at the December 16, 2020 meeting, terminate current contracts, execute and transition services should better terms be identified.

History

Under the current contract, both Agility Marketing and MacNeill Group have provided services related to multiple call types. Prior to the June 24, 2020 Board of Governors meeting, both vendors, as well as contingent vendor Faneuil, Inc, indicated that price increases were needed for them to continue providing services. The vendors advised that decreasing call volumes, increasing technology costs due to COVID-19 and changing business models (e.g. moving from price per call to a price per hour model) resulted in operating losses. Citizens requested a pricing adjustment while completing a review of the market and executing an ITN related to the services. The pricing adjustments were approved through November 30, 2020 during the June Board of Governors meeting contingent on each vendor agreeing to a “Most Favored Nation” clause. Both Agility Marketing and MacNeill Group, Inc. agreed to the terms and signed the amendments while Faneuil, Inc. declined the terms and did not sign. Therefore, the request under this Action Item only applies to Agility Marketing and MacNeill Group, Inc.

The current pricing compared to the previous pricing is as follows:

FNOL/Claim Inquiry Call Type:

Vendors	Original Price Per Call (range depends on monthly volume)	Current Adjusted Price Per Call (range depends on monthly volume)
Agility Marketing (Primary)	\$5.21 - \$5.50	\$8.90 - \$9.40

Executive Summary

Board of Governors Meeting, September 23, 2020

Tier I Call Type:

Vendors	Original Price Per Call (range depends on monthly volume)	Current Adjusted Price Per Call (range depends on monthly volume)
MacNeill Group, INC (Primary)	\$5.00 - \$5.50	\$6.15 - \$6.65
Agility Marketing (Contingent)	\$3.95 - \$4.17	\$7.97 - \$8.40

Additional Information

Prior to the June 24, 2020 Board of Governors meeting, Citizens posted a Request for Information (RFI) on June 16, 2020, to gain market information regarding current conditions and trends in the call center industry. On July 30, 2020, Citizens then issued ITN No. 20-0035 for services similar to those being purchased under the current contract.

Citizens plans on completing the procurement process and, if more favorable pricing and/or terms are available, present award recommendations to the Board at the December 16, 2020 meeting. If any work is to be transitioned to a new vendor, Citizens will exercise its contractual right to “post-termination transition assistance” for a period not to exceed 180 days. During the transition phase, the current vendor will continue handling calls as needed at the same rates in effect at the time of termination. Therefore, the recommended price adjustments in this Action Item could potentially extend for an additional 180 days.

If the ITN does not provide more favorable options than those in our current contracts, Citizens staff will review its options and provide the Board with alternative courses of action during the December meeting.

Recommendation

Citizens is requesting the pricing adjustments be extended through January 31, 2021. The pricing extension allows Citizens to terminate the current contracts upon Board approval of new vendors at the December meeting, execute contracts with newly awarded vendors, and begin the service transition process.

Staff recommends that the Board of Governors:

- a) Approve an extension of the current pricing adjustments as follows: Y&Y Holdings, LLC (“Agility Marketing”) for FNOL/Claim Inquiry price per call range of \$8.90 - \$9.40 and Tier I price per call range of \$7.97 - \$8.40; MacNeill Group, Inc. for Tier I price per call range of \$6.15 - \$6.65; resulting in additional costs up to \$100,000 as further set forth in this Action Item; and
- b) Authorize staff to take any appropriate or necessary actions consistent with this Action Item.

ACTION ITEM

Board of Governors Meeting, September 23, 2020

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|--|---|
| <input type="checkbox"/> Contract – New | <input type="checkbox"/> Committee or Board Minutes |
| <input checked="" type="checkbox"/> Contract – Amendment of Contract Terms | <input type="checkbox"/> Product Changes |
| <input type="checkbox"/> Contract – Additional Spend | <input type="checkbox"/> Other _____ |

Contract ID	Business Process Outsourcing (BPO) – Inbound and Outbound Call Center Services Contract Amendment #2 for Pricing Adjustments Contract Number – 18-17-0013-08 Vendor – MacNeill Group, Inc. Contract Amendment #3 for Pricing Adjustments Contract Number – 18-17-0013-01 Vendor – Y&Y Holdings, LLC (“Agility Marketing”)
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Funding was included in the 2020 Annual Operating Budget and will be included in the 2021 Annual Operating Budget.
Procurement Method	This contract was originally procured pursuant to Invitation to Negotiate (ITN) No. 17-0013. ITN No. 17-0013 resulted in the award of primary contracts to the top ranked vendors and included the right for Citizens to pursue additional contracts with contingent vendors, in ranked order, in the event additional vendors are needed due to volume, performance, or it is otherwise in Citizens’ best interest. Agility Marketing was the primary awarded vendor for FNOL/Claim Inquiry calls. MacNeill Group, Inc. was the primary awarded vendor for Tier I calls and Agility Marketing was the next ranked contingent vendor.
Contract Amount	The extension of pricing adjustments requested under this Action Item will not increase the original approved BOG amount of \$47,850,803. This Action Item may result in additional costs up to \$100,000 to bridge a 9-week gap in services between the November 30, 2020 expiration of current pricing previously approved by the Board at the June 24, 2020 Board of Governors meeting and potential new contract awards resulting from ITN No. 20-0035 that are anticipated to be presented to the Board at the December 16, 2020 Board of Governors meeting.
Contract Term(s)	Each contract includes a five (5) year base term through January 30, 2023 (Agility Marketing) and April 5, 2023 (MacNeill Group, Inc.) with available renewal options of an additional three (3) year renewal term, followed by a two (2) year renewal term. Citizens has the right to terminate the contracts without cause upon 30 days’

ACTION ITEM

Board of Governors Meeting, September 23, 2020

	<p>notice. The current pricing adjustments approved at the June 24, 2020 Board of Governors meeting expire November 30, 2020.</p> <p>Each contract provides for post-termination transition assistance for up to 180 days to allow Citizens enough time to transition existing services to a new vendor. The transition assistance includes handling calls as needed at the same rates in effect at the time of termination. Therefore, the pricing adjustments could potentially extend for up to 180 days.</p>
Purpose/Scope	<p>This Action Item seeks approval to extend the current pricing which expires November 30, 2020 in order to avoid a gap in services. Citizens is currently in the middle of an Invitation to Negotiate (ITN No. 20-0035) related to the services offered under these contracts. Should Citizens find more favorable pricing and/or terms as a result of this ITN, Citizens expects to complete the selection process and present contract award recommendations at the December 16, 2020 Board meeting. Citizens is requesting an extension of the current pricing from December 1, 2020 through January 31, 2021 to avoid a potential gap in services. The additional time is to allow Citizens to provide the contractually required 30-day notice of termination with the existing contracts following the December 16, 2020 Board meeting, allow sufficient time for contract execution with newly awarded vendors and to begin transitioning services to awarded vendor(s) where applicable.</p> <p>An extension of the current pricing may result in additional costs up to \$100,000 prior to contract termination. If ITN 20-0035 does not provide market options that are favorable to Citizens compared to the existing contracts, Citizens will provide the Board with a recommended course of action at the December 16, 2020 Board meeting.</p>
Recommendation	<p>Staff recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Approve the extension of current pricing adjustments from December 1, 2020 to January 31, 2021, as follows: (i) Agility Marketing for FNOL/Claim Inquiry calls at a price per call range of \$8.90 - \$9.40 and Tier I calls at a price per call range of \$7.97- \$8.40; (ii) MacNeill Group, Inc. for a Tier I price per call range of \$6.15 - \$6.65; and (iii) resulting in additional costs up to \$100,000 as further set forth in this Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
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