

# Executive Summary

Claims Committee Meeting, June 23, 2022  
Board of Governors Meeting, July 13, 2022

## Court Reporting Services

### Topic

This Consent Item seeks Board approval: (1) for additional spending authority of \$2,500,000 under the Court Reporting Services contracts, for a total of \$21,000,000 in authorized spend, and (2) to add U.S. Legal Support, Inc. to Citizens' panel of nineteen (19) contracted court reporting vendors.

### History

The Court Reporting Services Program is intended to provide Citizens with a network of experienced and credentialed vendors capable of providing court reporting, transcription and video services in support of Citizens' Litigated Claims Department. Citizens currently has over 18,500 open litigation claims assigned to the Claims Litigation Department. As part of the coordinated defense of its litigated claims, Citizens' contracted outside counsel routinely engage these court reporters throughout the state to provide critical court reporting and transcription services. Through the Court Reporting Services contracts, these vendors provide quality resources and services while utilizing a uniform and economical pricing structure based on a fixed scope of work.

On November 12, 2019, Citizens issued Request for Proposals (RFP) No. 19-0020 for Court Reporting Services. Nineteen (19) proposals were reviewed and scored by an Evaluation Committee who ultimately recommended to award contracts to all nineteen (19) of the vendors on January 30, 2020. These contracts were approved by the Board on March 25, 2020. At the time of approval, Citizens estimated contract spend for the entire six (6) year term, including renewals, to be \$18,500,000. The initial term for these agreements is set to expire on April 1, 2023, with three (3) years in renewal options potentially extending the expiration date to April 1, 2026.

### Additional Spend Authorization

Immediately after the contracts were executed, the COVID-19 pandemic required most of the services under the Court Reporting Services contracts to switch from in-person to a remote/online environment. In response, court reporting firms were forced to quickly adopt new technologies to adapt to the changing circumstances, none of which were considered at the time of procurement/contracting. The adoption of video conferencing related services resulted in significant costs increases for Citizens as these services/fees became required on most assignments. During this period Citizens also experienced a 37% increase in pending claims-related lawsuits, bringing the total from 13,500 pending matters to over 18,500. This significant change in pending litigation required additional utilization and associated costs for these services.

Due to unanticipated changes in market conditions driven by the COVID-19 pandemic, along with an increasing pending litigation volume, Citizens anticipates that it will exhaust all approved spend prior to the expiration of the initial three (3) year term. To date, Citizens has incurred \$11,930,000 in fees for these services, leaving approximately \$6,500,000 in approved authority.

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Year	Spend
2020	\$2,872,365.17
2021	\$7,000,008.26
2022	\$2,057,733.39 (thru 3/31) - \$8,000,000 (est)
2023 (thru April 1, 2023)	\$2,700,000
Total	\$20,572,366

Per the above table, Citizens anticipates it will likely run out of approved spend at the end of this year and needs an estimated additional \$2,500,000 in spend authorization to cover the remainder of the initial term.

## **Adding U.S. Legal Support, Inc. to Citizens' Panel**

Due to the increasing volume of pending litigation and issues obtaining coverage in some circumstances, Citizens recognized the potential benefit of expanding its panel of contracted court reporting vendors. To accomplish this, Citizens reached out to vendors with a statewide presence who had expressed interest in contracting with Citizens to provide these services.

U.S. Legal Support, Inc. was Citizens' most-used court reporting firm from 2014 to 2019. The company performed well and was the first preference for many of the law firms used by Citizens. It has approximately twenty (20) offices throughout the state. Due to an internal oversight, the firm did not respond to RFP 19-0020 in a timely manner.

Pursuant to Section 287.057(3)(e), Florida Statutes, legal services contracts may be awarded without a formal competitive solicitation. Citizens has historically issued RFPs for attorneys and court reporting firms as a mechanism to allow new firms an opportunity to obtain work and to ensure competitive pricing. However, Citizens has reserved the right to add additional firms to the panels if business justifications exist.

The business justification for adding U.S. Legal, Inc. to the current panel of court reporting firms is as follows:

1. Prior to 2020, the firm handled a large volume for Citizens in many key markets and provided outstanding service. Unfortunately, it missed a deadline to respond to the 2020 RFP and has borne the consequences of that for two years.
2. The firm has agreed to all of the contract terms as the rest of the court reporting firms. It has also agreed to match the highest discounts (10%) offered by any of those vendors. The firm's pricing offer is expected to save Citizens several thousand dollars per month in litigation expenses compared to what it would spend with the other firms.
3. Litigation volumes and court reporting expenses have exceeded the amounts projected in 2020. Several law firms have had issues getting reliable court reporting services in key markets, and adding this firm should alleviate some of those pressures.
4. The nineteen (19) firms who received contracts in 2020 will continue to get assignments and are not being unfairly treated in that: (i) they had the advantage of establishing new relationships with law firms for two years without additional competition, (ii) they benefited by much higher

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than expected spend from Citizens in those two years, and (iii) Citizens is following the statutory process for adding a new firm.

## Recommendation

The recommendation is stated in the attached Consent Item.



## Court Reporting Services

**ACTION ITEM**

**New Contract**

**Contract Amendment**

**Other** \_\_\_\_\_

**CONSENT ITEM**

**Contract Amendment**

**Existing Contract Extension**

**Existing Contract Additional Spend**

**Previous Board Approval** \_\_\_\_\_

**Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

<b>Item Description</b>	<b>Court Reporting Services</b>
<b>Purpose/Scope</b>	This Consent Item seeks Board approval: (1) for an additional \$2,500,000 in spend authorization under the Court Reporting Services contracts and (2) to add US Legal Support, Inc. to Citizens' panel of nineteen (19) contracted court reporting vendors.
<b>Contract ID</b>	<b>Court Reporting Services</b> 20-19-0020-01 (Multiple Vendors)
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Procurement Method</b>	On November 12, 2019, Citizens issued RFP 19-0020 for Court Reporting Services. Nineteen (19) proposals were reviewed and scored by an Evaluation Committee who ultimately recommended to award contracts to all nineteen (19) vendors on January 30, 2020. These contracts were approved at the March 25, 2020 Board of Governor's meeting.
<b>Contract Amount</b>	The approved contract amount is \$18,500,000. Citizens staff is requesting an additional \$2,500,000 to cover estimated expenses through April 1, 2023.

## Court Reporting Services

<b>Contract Terms</b>	<p>The contracts have a three (3) year base term and include two optional renewal terms, the first for two (2) years and the second for one (1) year. The total term of the contracts including all renewal options is six (6) years.</p> <p>The base term is set to expire on April 1, 2023. Citizens staff intends to exercise the first renewal option to allow the contracts to run to April 1, 2025. Staff will wait until 2024 to determine whether to exercise the final renewal option.</p> <p>The contracts pre-qualify vendors to be on Citizens' panel of court reporting vendors but do not guarantee any volume of assignments or compensation.</p>
<b>Committee Recommendation</b>	<p>Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Authorize additional spending authority of \$2,500,000 under the Court Reporting Services contracts, for a total of \$21,000,000 in authorized spend;</li><li>b) Approve the addition of US Legal Support, Inc. to Citizens' panel of nineteen (19) contracted court reporting vendors; and</li><li>c) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.</li></ul>
<b>Board Recommendation from Committee</b>	<p>If approved at its June 23, 2022 meeting, the Claims Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Authorize additional spending authority of \$2,500,000 under the Court Reporting Services contracts, for a total of \$21,000,000 in authorized spend;</li><li>b) Approve the addition of US Legal Support, Inc. to Citizens' panel of nineteen (19) contracted court reporting vendors; and</li><li>c) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.</li></ul>
<b>Contacts</b>	Jay Adams, Chief Claims Officer