

Executive Summary

Board of Governors Meeting, September 21, 2022

Outgoing Shipping Services

Topic

As a result of the increasing policies in force at Citizens, the need for consistent and reliable shipping services will continue to be a vital part of ongoing operations. Traditionally there were two providers under the Alternative Contract Source (“ACS”), established by the Florida Department of Management Services. However, United Parcel Services no longer participates in this contract’s pricing. As a result, continuing services will be provided by FedEx.

Citizens began the transition to FedEx in February 2022. Volume has increased an approximate 24% over the first six months as compared to last year. With Citizens’ increasing policy count this expense is projected to double. With the higher cost of mail shipping services due to inflation, rising fuel cost and growing labor rates, our annual expenditure will exceed the \$100,000 threshold subject to Board approval.

History

An ACS is a contract by a federal, state, or local government that has been approved by the Secretary of the Department of Management Services, based on a determination that the contract is cost-effective and the best value to the state for use by Florida agencies for purchases, without the requirement of competitive procurement. Alternate contract sources are authorized by subsection 287.042(16), Florida Statutes, as implemented by Rule 60A-1.045, Florida Administrative Code.

Citizens’ is permitted to make purchases from this ACS (FedEx Corporate Services, Inc. 78102200-21-NASPO-ACS) as an “eligible user” in accordance with s. 627.351(6)(e)1, Florida Statutes.

Recommendation

Staff recommends the Board of Governors:

- a) Authorize the use of FedEx Corporate Services, Inc., in accordance with the ACS (78102200-21-NASPO-ACS), for outgoing shipping services for a not to exceed amount of \$370,000, as set forth in the Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

Outgoing Shipping 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.

Item Description	Outgoing Shipping Services
Purpose/Scope	This Action Item requests approval to continue using the Alternative Contract Source (“ACS”) for Courier Services for outgoing shipping services provided by FedEx Corporate Services, Inc. All outgoing overnight and express mail services, with tracking capabilities, are used to validate timely delivery of customer (e.g., policyholder, vendor employee) mail. The previous vendor, UPS, no longer participates as a State Term Contract or Alternate Contract Service source. As a result, Citizens began the transition to FedEx in February 2022. Volume has increased an approximate 24% over the first six months as compared to last year. With Citizens’ increasing policy count this expense is projected to double. With the higher cost of mail shipping services due to inflation, rising fuel cost and growing labor rates, our annual expenditure will likely exceed the \$100,000 threshold.
Contract ID	Outgoing Shipping Services FedEx Corporate Services, Inc. (78102200-21-NASPO-ACS)
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This is an ongoing operating expense that is budgeted annually.
Procurement Method	These services will be provided in accordance with the ACS, approved by the State of Florida Department of Management Services, which meets the requirements of Citizens’ Purchasing Policy and s.287.057, Florida Statutes.

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Contract Amount	\$370,000 (two years) Approximately \$185,000 annually
Contract Terms	September 22, 2022 – September 21, 2024 (Two Years) ACS Contract Term Expires 11/27/2026
Board Recommendation (DOES NOT go through Committee)	Citizens' Staff proposes that the Board of Governors: <ul style="list-style-type: none"> a) Authorize the use of FedEx Corporate Services, Inc. in accordance with the ACS (78102200-21-NASPO-ACS) for outgoing shipping services not to exceed \$370,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
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