

Executive Summary

Claims Committee Meeting, March 9, 2023
Board of Governors Meeting, March 29, 2023

Court Reporting Services

Topic

This Consent Item seeks Board approval for additional spending authority of \$15,000,000 under the Court Reporting Services contracts, for a total of \$36,000,000 in authorized spend.

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 20,000 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) 19-0020 for Court Reporting Services. Nineteen (19) proposals were reviewed and scored by an Evaluation Committee who ultimately recommended 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. On July 13, 2022, the Board approved the addition of a twentieth (20) vendor along with \$2,500,000 in additional spend, bringing the total approved spend to \$21,000,000.

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 significant increase in pending claims-related lawsuits, bringing the total from 13,500 pending matters to over 20,000. 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 it will exhaust all approved spend prior to the expiration of the initial two (2) year renewal term. To date, Citizens has incurred approximately \$18,900,000 in fees for these services, leaving approximately \$2,100,000 in approved authority.

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Year	Spend
2020	\$2,872,365.17
2021	\$7,000,008.26
2022	\$8,101,625.26
2023 (thru Jan 31, 2023)	\$867,600.84
Total	\$18,841,599.53

Per the above table, Citizens anticipates it will likely run out of approved spend prior to the July 2023 Board of Governors meeting and needs an estimated additional \$15,000,000 in spend authorization to cover the remainder of the initial two (2) year renewal term.

Recommendation

The recommendation is listed 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.

Item Description	Court Reporting Services
Purpose/Scope	This Consent Item seeks Board approval for an additional \$15,000,000 in spend authorization under the Court Reporting Services contracts.
Contract ID	Court Reporting Services 20-19-0020-01 (Multiple Vendors)
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procurement Method	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 contracts to all nineteen (19) vendors on January 30, 2020. These contracts were approved at the March 25, 2020 Board of Governors meeting. A twentieth (20th) vendor was added to the panel through the legal services exemption in Section 287.057(3), Florida Statutes, which as approved at the July 13, 2022 Board of Governors meeting.
Contract Amount	The current approved contract amount is \$21,000,000 which was approved in two parts: (1) \$18,500,000 approved on March 25, 2020, and (2) \$2,500,000 approved on July 13, 2022. Citizens staff is requesting an additional \$15,000,000 to cover estimated expenses through April 1, 2025.

Court Reporting Services

Contract Terms	<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>
Committee Recommendation	<p>Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors:</p> <ul style="list-style-type: none">a) Authorize additional spending authority of \$15,000,000 under the Court Reporting Services contracts, for a total of \$36,000,000 in authorized spend; andb) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Board Recommendation from Committee	<p>If approved at its March 9, 2023 meeting, the Claims Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Authorize additional spending authority of \$15,000,000 under the Court Reporting Services contracts, for a total of \$36,000,000 in authorized spend; andb) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	Jay Adams, Chief Claims Officer