

Executive Summary

Board of Governors Meeting, April 10, 2024

Outgoing Shipping Services

Topic

This Action Item requests approval to 1) increase the current contract/purchase order spend authority with FedEx for an additional \$62,000 for the remainder of the current contract term; and 2) enter into a contract/purchase order with FedEx Corporate Services, Inc. ("FedEx") for outgoing shipping services with an expected spend of \$472,000 through November 27, 2026. The current contract expires September 21, 2024.

History

Citizens utilizes shipping services to ensure outgoing mail such as overnight policyholder checks, agent commission checks, ad-hoc vendor payments, equipment/supply shipments, and business unit correspondence is delivered using a timely, reliable, and trackable method. The continuation of these services is vital to ongoing operations.

Citizens is requesting an increase in authorized spend for the existing contract of \$62,000. The request to increase authorized spend is due to increased usage aligned with Citizens' policy growth, hurricane response activities, unanticipated freight charges, and rising shipping rates due to inflation. The increase will result in a total authorized spend for the current contract of \$432,000.

Projected future costs of outgoing shipping services under the new contract are based on the prior 16 months of incurred expenses, an average of over 1,600 shipments per month, under the current contract. The terms and pricing under the new contract will remain consistent with the current contract. The contract will be effective September 22, 2024 and will expire November 27, 2026, for a term slightly over two years and for an amount of \$472,000.

Citizens leverages the Alternative Contract Source ("ACS") FedEx Corporate Services, Inc. 78102200-21-NASPO-ACS established by the Florida Department of Management Services to purchase outgoing shipping services with FedEx the only provider of services under this contract. Citizens is permitted to make purchases from the ACS as an "eligible user" in accordance with s. 627.351(6)(e)1, Florida Statutes and 287.057, Florida Statutes.

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.

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Recommendation

Staff recommends the Board of Governors:

- a) Approve increasing the currently approved amount of \$370,000 to \$432,000, an increase of \$62,000 for the current contract, expiring September 21, 2024;
- b) Approve a contract with FedEx Corporate Services, Inc. for an amount not to exceed \$472,000 through November 27, 2026 as set forth in the attached Action Item ; and,
- c) Authorize staff to take any appropriate or necessary action consistent with the attached Action Item.

Outgoing Shipping Services

 ACTION ITEM

X New Contract

Contract Amendment

X Other – Existing Contract Additional Spend

 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.

Purpose/Scope	This Action Item requests approval to 1) increase the current contract spend authority with FedEx for an additional \$62,000 for the remainder of the current contract term; and 2) enter into a contract with FedEx Corporate Services, Inc. ("FedEx") for outgoing shipping services with an expected spend of \$472,000 through November 27, 2026. The current contract expires September 21, 2024.
Contract ID	Outgoing Shipping Services 78102200-21-NASPO-ACS FedEx Corporate Services, Inc.
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This is an ongoing operating expense that is budgeted annually.
Procurement Method	This contract, consistent with the current contract, will be procured using Florida Alternative Contract Source No. 78102200-21-NASPO-16-ACS, approved for use by the Florida Department of Management Services (DMS). This meets the requirements of Citizens' Purchasing Policy No. 501 authorizing the use of this Alternate Contract Source. Citizens is an "eligible user" in accordance with s. 627.351(6)(e)1, Florida Statutes and 287.057, Florida Statutes.
Contract Amount	Current contract - \$432,000 New contract - \$472,000

Outgoing Shipping Services

Contract Terms	Current contract: September 22, 2022 – September 21, 2024 New contract: September 22, 2024 – November 27, 2026
Board Recommendation from Committee	Staff recommends the Board of Governors: <ul style="list-style-type: none"> a) Approve increasing the currently approved amount of \$370,000 to \$432,000, an increase of \$62,000 for the current contract, expiring September 21, 2024; b) Approve a contract with FedEx Corporate Services, Inc. for an amount not to exceed \$472,000 through November 27, 2026, as set forth in this Action Item; and, c) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Contacts	Jeremy Pope, Chief Administrative Officer, Administrative Services Division Cherri Linn, Director of Facilities Management and Real Estate