

City of Coral Gables City Commission Meeting
Agenda Item I-5
August 29, 2017
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli
Vice Mayor Pat Keon
Commissioner Vince Lago
Commissioner Frank Quesada
Commissioner Michael Mena

City Staff

City Manager, Cathy Swanson-Rivenbark
Assistant City Manager, Peter Iglesias
City Attorney, Craig E. Leen
Deputy City Attorney, Miriam Ramos
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Finance Director, Diana Gomez

Public Speaker(s)

Eric Zichella
Dennis Gallagher

Agenda Item I-5 [0:00:00 p.m.]

A Resolution accepting the recommendation of the Public Works Director, upon consultation with the Chief Procurement Officer, and in conjunction with the Evaluation/Selection Committee, to award the Construction Manager at Risk (CMR) for the Construction of A New Public Safety Building Project (“the Project”) to The Weitz Company, LLC., the most qualified Proposer, pursuant to Section 2-1089 of the Procurement Code entitled “Construction manager-at-risk” and Request for Qualifications (RFQ) 2017.06.YG; authorizing the Public Works

City Commission Meeting
August 29, 2017

Agenda Item I-5 – Resolution accepting the recommendation of the Public Works Director to award the Construction Manager at Risk for the Construction of a new Public Safety Building Project to The Weitz Company, LLC; authorizing the Public Works Director to negotiate a Pre-Construction Services Agreement for the Pre-Construction phase of the project. Page 1

Director, upon consultation with the Chief Procurement Officer, to negotiate a Pre-Construction Services Agreement for the Pre-Construction phase of the project at an amount that is fair, competitive, and reasonable; should negotiations fail with the most qualified Proposer, further authorizing the Public Works Director, upon consultation with the Chief Procurement Officer, to formally terminate negotiations and to commence negotiations with the next most qualified Proposer, up to the third ranked qualified Proposer, until a satisfactory agreement and contract amount that is fair, competitive, and reasonable is reached.

Mayor Valdes-Fauli: Let's take up the public safety building, and I forgot where it is but...

City Attorney Leen: Mr. Mayor, what item would you like to go to?

Mayor Valdes-Fauli: Yeah, that's I-5. I-5.

City Manager Swanson-Rivenbark: (INAUDIBLE).

Finance Director Gomez: This is a resolution accepting the recommendation of the Public Works Director, upon consultation with the Chief Procurement Officer and in conjunction with the evaluation selection committee, to award the Construction Manager-at-Risk for the construction of the new public safety building project to The Weitz Company, LLC, the most qualified Proposer, pursuant to Section 2-1089 of the Procurement Code and RFQ 2017.06.YG. Is there any questions?

City Manager Swanson-Rivenbark: Now, I should say that there was a link to the four hours of deliberations, an excellent...

Mayor Valdes-Fauli: Yes.

City Manager Swanson-Rivenbark: External committee, as requested by the Commission with industry experts. And so, we provided those to you as well as the public for anyone that wanted

to review the presentations, each of the individual presentations, as well as the committee deliberations.

Mayor Valdes-Fauli: You want to say something?

Public Works Director Santamaria: Just the City Manager, echoing her comments. This was a very competent, distinguished panel. It was a very tight process. The rankings were very, very close, but we believe that the recommendation is solid for The Weitz Company.

Mayor Valdes-Fauli: I'm concerned about -- and I know that I've been told that this is nothing at all to do with Miracle Mile and Giralda. But having been burnt once by somebody -- I mean, the prior Administration, prior managers, prior whatever, I want to be very, very careful on this selection, because it's crucial for us.

City Manager Swanson-Rivenbark: And so, Mr. Mayor, I'm going to step in. The evaluation committee for the selection of the Miracle Mile contractor -- although the process is progressing, it was a different recommendation than the Commission acted on, which is its full prerogative. So, just to -- for clarification's sake, the evaluation committee recommended a first ranked on Miracle Mile, the CMAR, and the Commission, at its prerogative, elected to vote in a different way and we worked with that recommendation.

Mayor Valdes-Fauli: Alright, any comments or anybody from the public wants to speak?

Eric Zichella: Thank you, Mr. Mayor. Eric Zichella, 2929 Southwest 3rd Avenue, P3 Management. We represent Turner Construction, the second-ranked vendor in the procurement. I want to note for the record that your staff did an outstanding job in the procurement process. They were very fair. I think that the selection committee process that you went through resulted in, essentially, a tie. Your staff noted that it was very, very close. Out of 500 total points, the difference between first and second place was one point, so it's essentially a tie here. There's a

couple things that I want to bring to your attention. Number one, Turner Construction had the most number-one votes on the selection committee, okay. Turner Construction is the largest vertical construction contractor in the world. They do 86 percent of their contracts through the CM at-risk model, which is critical to you here. And one of the reasons that you encountered problems on the streetscape is because that project was executed, I believe, by a contractor that doesn't typically do CM at-risk type projects. So, it's very important for you to select someone that has experience in the CM at-risk model, that their staff has experience in the CM at-risk model, and that this is what they do. So, Weitz, the top-ranked vendor here, promoted as part of their proposal that they are an ENR Top 400 firm. ENR is an organization that allows entities to self-report figures for the type of work that they do and their balance sheets. So, Turner did the same thing. That's where I'm pulling the number that Turner does 86 percent of their work as a CM at-risk contractor. Weitz, in the very same ENR ranking, reports being, I think, at the 80th or 90th firm in there, a sizeable size contractor, but only 5 percent of the projects that they execute are in this CM at-risk model. That should be concerning to you. You combine that with the fact that the project team that they've proposed is very thin on experience in CM-at-Risk. You look through the proposal that they made, there's a handful of projects in there, many of which are from other states, most of which were not worked on by the proposed project team. I think another red flag here is that on the streetscape you had a problem where staff was exiting the contracting firm right after they got the job. If you look at the proposed team here, the senior project manager has been with Weitz for one year, and the proposed project manager has been with Weitz for two years. Setting aside the simple fact that neither of them has good experience in CM-at-Risk projects and neither of them has any real experience building public safety projects, just based on what's in their resumes. Setting that side a fact -- setting that fact aside, the fact that this firm is coming from West Palm Beach or Fort Lauderdale, these people have been with the firm for one year or two years, you should have great pause that the first offering that comes along for one of these people to leave, they're going to take it. You think they're going to want to drive all the way down here to Coral Gables and do this project when they get another offer closer to home? I think you should be cautious of that. So, in closing, I'd just like to ask you to not make the same mistakes you made on the streetscape project. Please select a

contractor that they specialize in Construction Manager-at-Risk. I think you can ask your staff. They'll be comfortable working with any of the firms that bid. I just respectfully submit to you that Turner is the best company for the job. Thank you.

Mayor Valdes-Fauli: Thank you very much.

Commissioner Lago: Thank you, sir.

Mayor Valdes-Fauli: Anybody else wants to address the Commission? Alright. Somebody's coming. Yes, sir. Your name?

Dennis Gallagher: Good morning. My name is Dennis Gallagher. I'm an executive vice president with The Weitz Company, and I've been with The Weitz Company for going on 13 years. First, thank you very much for inviting us to be here. And I would also like to commend the City Manager, Madam Manager, on the process that was used to bring us here. So, I would like to talk a little bit about The Weitz Company. First and foremost, our staff. George, come up here for a minute. George lives four and a half miles away from the job site. He's been an employee for two years. And maybe just a comment about your intent on building this project for longevity.

Mr. Freyre: My intent is to build this job. It's to build your legacy the way I want to build my career with The Weitz Company.

Mayor Valdes-Fauli: I'm sorry. Say it again. I don't understand.

Mr. Freyre: No. I live four and a half miles away from here. I grew up in Coral Gables. I want to build this building for you as a legacy to Coral Gables, to have my name on it, to have The Weitz Company name on it. I don't plan on going anywhere. I like working with Weitz. It took a lot of years for me to find a company that I want to stick with and stay with for a long time.

Mr. Gallagher: Another issue that was brought up was the amount of CM at-risk work that The Weitz Company does. I cannot speak to the information in a publication, but what I can speak to is this. We are a national firm. We have an industrial division and we have a commercial division. The commercial division represents about 80 to 90 percent of the billion dollar a year volume that we do. Over 90 percent of that volume is delivered with the CM at-risk model that you have selected here. The work that we do in Florida, I would go a bit further to say 95 percent of that work is delivered in a CM at-risk model. That is important for you because we're involved. We understand the preconstruction process. We understand it very well, and we bring those benefits to you.

Mayor Valdes-Fauli: Tell me some of those projects. Can you tell me about some of those projects? What type of projects are they and where?

Mr. Gallagher: So, some of the projects that we do, we work quite a bit for the school district of Palm Beach County and the school district of Broward County.

Mayor Valdes-Fauli: Schools.

Mr. Gallagher: We work for schools. We do a lot of hotel type work. We do a lot of work for the counties. So, we just finished a \$55 million parking garage for Palm Beach County in a CM at-risk method, so those are some of the type of work...

Mayor Valdes-Fauli: The figures I see is that 5 percent of your work is CM at-risk, 5 percent.

Mr. Gallagher: I would disagree with that number.

Mayor Valdes-Fauli: Okay.

Mr. Gallagher: I disagree with that number. I'm not sure how that ended up in the publication. Sometimes there's mistakes made, but that is -- that's not correct. It may be that way in the publication, but -- pardon?

Vice Mayor Keon: Have you seen this?

Mr. Gallagher: No.

Vice Mayor Keon: This is what it's based on.

Mayor Valdes-Fauli: Questions from the Commission.

Commissioner Lago: Peter -- Mr. Iglesias, do you mind coming up here one second? I have a few questions. Before I ask you the few questions I have, it's so easy to blame the contractor. It's the easiest thing to do, right?

Assistant City Manager Iglesias: Yes, it is.

Commissioner Lago: We just read a great article where they just blamed the contractor. It's the easiest -- the guy on the job, the guy who doesn't show up, the guy who's late. Why isn't the contractor on the job site? When you came to the City of Coral Gables and we were blessed to have you move back to what you call home, what is the first thing you encountered in regards to the design of the streetscape project? I know you have to -- I know we're -- I know you can't be so forthcoming, but...

Assistant City Manager Iglesias: Let me just say that we had issues.

Commissioner Lago: We had issues.

Assistant City Manager Iglesias: Multiple issues and many things. And certainly...

Commissioner Lago: And, we also had -- and there's a reason why I'm bringing this up. And, there's issues -- there was also issues with the County that the County had a proposed water extension, I think it was.

Assistant City Manager Iglesias: Yeah, the water extension on Giralda and we had a major water extension on the Mile.

Commissioner Lago: That was planned for 2018, and then we had to reroute that -- reschedule that to hopefully get it in line, so we wouldn't have to tear up the Mile and Giralda again once it was completed.

Assistant City Manager Iglesias: The Mile line -- the Mile waterline was built in 1927, so it should have been replaced as part of the project.

Commissioner Lago: The reason why I'm bringing that up is because it's very simple to blame the city. It's very simple to blame the contractor, but there's some -- you know, the issue here is when we made a big mistake in the City was we didn't get the contractor on board fast enough to start working on constructability, to start working on, you know, VE opportunities, to really find what the defects were and how do we move forward and not have delays like we have currently now on the project. So, I want to really -- I don't want to concentrate so much as -- on the -- on why one is better than the other. I want to gauge you and staff's comfort level. Like, for example, how comfortable are you with both of these firms? Do you feel more comfortable with one versus the other? Can you work with both?

Assistant City Manager Iglesias: I think we can work with the top three.

Commissioner Lago: Okay, even better.

Assistant City Manager Iglesias: I think we can work with the top three.

Commissioner Lago: Okay.

Assistant City Manager Iglesias: And, I think we can get a good building with the top three. I think they're all capable of doing this work.

Commissioner Lago: As a licensed structural engineer, how do you feel about the team makeup?

Assistant City Manager Iglesias: I think...

Commissioner Lago: Because again, this is -- and I'm sorry to interrupt you. Because, this is something that doesn't get -- doesn't really get explained very well. The owner of the architecture firm, the project -- the senior project manager for the architectural firm of streetscape ended up leaving basically halfway through the project, along with the project manager -- the senior project manager for the construction company. So, we were, at one point, missing three of the top officials who were dictating the day-to-day operations on behalf of the City on our project. So, these are things that the reason why I'm bringing them up is because I want to make sure that our team is -- I mean, some -- the team that you feel has the best ability to deliver on this, because there's no room for error here, as per our contract.

Assistant City Manager Iglesias: Commissioner, the superintendent of streetscape left three days after we started milling.

Commissioner Lago: Okay.

Assistant City Manager Iglesias: The...

Commissioner Lago: I was with you when we started milling that night.

Assistant City Manager Iglesias: Yeah. Three or four days after...

Commissioner Lago: Ten o'clock at night.

Assistant City Manager Iglesias: That person was gone. So, we certainly were hit pretty hard at that time. I do think that the scope of our project and the capacity of the three firms that we're dealing with at the top is something that we can work with all three. We certainly had a very distinguished committee of selecting the three firms. They each came within one point of each other, two and three were -- one, two, three were one point apart. I feel comfortable we can work with any of these firms to get the right project. What we're going to do is we're going to run this project a little bit differently than with the streetscape. Our plans will be peer reviewed. Our plans will be complete. We are going to have a tremendous amount of supervision from the beginning of the project. We will hold any firm accountable to make sure that these projects come completely to our specifications. So, whoever is going to work on this project will have to understand that. So, that's what we plan on doing.

Commissioner Lago: My next question -- after -- I reviewed -- and I'm grateful for the Manager for taking the time to really spend on showing me certain issues that were happening -- not issues, but more the bulk of the RFQ. She provided the link to watch about four hours' worth of tape. One of the things that I noticed when I reviewed it -- and this happened before in the past. I'm the one that caught it -- was the issue of litigation. When we were doing the fire station on Old Cutler, we didn't go with the final bidder, which was around a \$2 million contract because that firm had, you know, 20 or 30 currently active pieces of litigation. When I looked at Weitz's, I didn't really see any litigation. I didn't see the necessary documentation, but you know, I want to know is that something that you feel comfortable with. Did you see anything with Turner, with Weitz? Is there anything that made you uncomfortable in reference to that?

Assistant City Manager Iglesias: Commissioner, not with either of them. No, I think that we can work with either firm.

Commissioner Lago: Okay. What about project experience? Because we're talking about right now something very important. We were put in a position where CM at-risk -- and we went from first place to second place on the streetscape. We went with a contractor, which had an average of 20 to \$30 million experience per project, versus a contractor, which came in first place which their maximum project size over a ten-year span was to the tune of maybe around 5 or \$6 million. And that concerned me, along with the Commission. That's why you obviously saw a change. Do you see that these -- do you see that both firms -- do you prefer one in reference to other in reference to certain type of projects, CM at-risk experience? Because that's what we -- like, for example, my firm, we are a CM at-risk contractor. We don't hard bid. We have very minimal hard bid experience. We're not your contractor if you want hard bid work. We're your CM and your design-build contractor.

Assistant City Manager Iglesias: I truly look at this -- and it's a very important project for us, but it's really a five-story building. That's what we're dealing with. It's a five-story building. I've dealt with buildings much bigger. We do -- it is a police station. It does have its issues and its complications, but it's still a five-story building. So, I do believe that our model -- and we will negotiate hard. We will make sure that everything is peer reviewed. We will make sure that we inspect thoroughly everything we do and that means design and construction and the construction company that we work with will understand that, and we will hold them accountable. So, I feel that what we have here is two firms -- or three firms, really, that we can work with, from that perspective.

Commissioner Lago: Did the peer -- did the team who reviewed these documents ask the three finalists if they had ever been hit with liquidated damages, if they had any, you know, of that background in reference to the last ten years? Did we go into that?

Assistant City Manager Iglesias: I don't recall.

Commissioner Lago: Because, when you look at the contract documents here, the liquidated damage, I've never been in a project that has \$10,000 a day liquidated damages. I'd be very nervous. That's a clear sign that the City of Coral Gables is not playing games, so you better deliver.

Assistant City Manager Iglesias: We are not playing games on this project. And, we have a lot of damages that we incur if we don't finish on time. So, we -- this is not a project -- that is the difficulty of this project. It is a relatively -- it is a five-story building, but we do have quite a bit of damages if we don't finish on time, and we must get finished on time, but we must get a quality project also.

Commissioner Lago: Conventional structure. Is that what it is?

Assistant City Manager Iglesias: We're going to get a conventional structure. We're not going with (INAUDIBLE) structure, probably maybe pre-stress.

Commissioner Lago: So, that's why you mentioned the issue of a five-story building. It's something simple.

Assistant City Manager Iglesias: It's a five-story building.

Commissioner Lago: Bread and butter, every day.

Assistant City Manager Iglesias: Now, we do have an EOC. We do have 911, so those are the things that make it interesting, and we do have the situation where we do have damages at the end, which makes this project very interesting. So, from a time perspective, that's our key. Our key is time. Our key is time.

Mayor Valdes-Fauli: I see here that you built the Broward County Judicial Complex. Tell me about the mold and the toilet water overflowing. What happened there?

Mr. Gallagher: I want to make sure that it's clearly understood we were not the contractor on the Broward County Courthouse. We were the owner's representative. Actually, we were the owner's project manager on that. Broward County determined early on in the process that their staff wasn't of sufficient capacity and size, so they brought us on to act in their regard. So, we represented them and we recommended actions that needed to be taken once that leak occurred. We brought in other consultants to help take care of the situation for them.

Mayor Valdes-Fauli: Okay.

Mr. Gallagher: So, we were strictly acting as a -- in a capacity as an advisor to the County on that.

Commissioner Lago: Who was the contractor that has...

Mr. Gallagher: James A. Cummings was awarded that project as the general contractor, and they were purchased by the Perini Company, so they were the contractor that actually built the courthouse.

Commissioner Lago: And you were brought in from the beginning, or you were brought in basically as...

Mr. Gallagher: From the beginning.

Commissioner Lago: From the beginning.

Mr. Gallagher: From the very beginning, yes. If I could just make one more comment about damages. Our lifeblood is making sure that we finish projects on time. I've been in this business for 40 years, and I can personally attest to the fact that I have never been assessed liquidated damages on a job, with the exception of one. And, that was a project that I did up north in Pittsburgh. And, it eventually did go to court and those damages were reversed. But, we take finishing our projects on time and in a quality manner very seriously. We have policies and procedures in place to make sure that water does not infiltrate the building. We do a thorough constructability review. As a matter of fact, we do numerous constructability reviews in the preconstruction process. It sounds like -- aligns with the process that you're going to have here very good. So, we look forward to being held accountable and we can certainly take that on.

Commissioner Lago: I have one more question in regards to litigation or any pending litigation. Can you give us a little bit more of a rundown, because when I was looking over your documents, it was just a simple blurb. It didn't give us whether you have any pending litigation locally, at the state or national level. And I know you're a national company.

Mr. Gallagher: We are a national company. I can't speak to the national piece, but the local piece, we have no pending litigation.

Mayor Valdes-Fauli: Is Mr. Southard here to talk?

Mr. Gallagher: Mr. Southard is not here. He's a seasoned professional in our business and he has been with The Weitz Company for a little bit longer than a year at this point in time. But, he's very seasoned in South Florida construction.

Mayor Valdes-Fauli: Tell me about his experience. I mean, I see some here, the Metrorail and such, but tell me what else he's done. 85, 96 Village of Wellington community center and tennis facility, 2000 -- but two impressive ones are 85 and 96.

Mr. Gallagher: Let me see what projects you're speaking of.

Mayor Valdes-Fauli: I'm talking about the Metro -- Government Center Station, 85, and then Carnival Cruise Line Headquarters expansion, 96.

Mr. Gallagher: Mr. Southard has run some very large projects prior to being with The Weitz Company. So, those weren't necessarily with The Weitz Company. So, I can't speak to those projects personally and his experience there. But he's a seasoned man, and I think my guess is that he probably has 35 or 40 years' experience in this business and in South Florida. He's a Florida native.

Mayor Valdes-Fauli: I'll entertain a motion if there's no further questions.

Vice Mayor Keon: I'll move staff's recommendation.

Mayor Valdes-Fauli: Second?

Commissioner Quesada: Second.

Mayor Valdes-Fauli: Alright. Will you call the roll, please?

Commissioner Lago: Yes.

Commissioner Mena: Yes.

Commissioner Quesada: Yes.

Vice Mayor Keon: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 5-0)

Mayor Valdes-Fauli: Thank you very much.

City Manager Swanson-Rivenbark: And Mr. Mayor, if I can just reiterate. Staff's recommendation is if we are not successful with the first-ranked candidate, we will move to the second ranked. If we are not successful with the second-ranked candidate, we will move to the third ranked. So, in making that motion, we realize we have the authority to commence negotiations and to proceed in that order.

Vice Mayor Keon: Yes.

Mayor Valdes-Fauli: Thank you. Thank you very much.

Mr. Gallagher: Thank you very much.

Mayor Valdes-Fauli: Thank you. Alright, next item on the agenda. We did the pledge of allegiance. Mayor's comments. I attended last month...

Commissioner Quesada: Mr. Mayor, just -- one quick point just to wrap up the last item. I really want to make a point about Peter Iglesias and what a spectacular job he's done, because we talked about the streetscape project. You know, I don't know if many people realize in the public, but you know, the reason why that project was really salvageable and hit those timeframes is really because he grabbed the reins on that.

Mayor Valdes-Fauli: Right.

Commissioner Quesada: And, he did such a spectacular job on this.

Commissioner Lago: That's why I wanted to bring him up. And, that's why I said -- the first comment I said was, you know, not only -- and we're fortunate to have you come back home to where you live, because I was -- and I'm not patting myself on the back or -- I was with Peter at

10:30 at night when we started milling in the Mile. And everybody was ecstatic. He had just shown up back to work at the City Beautiful. And, then we ran into -- let's look at the plans. And, when he started analyzing the plans, he started catching -- along with staff, but he really led the charge. And let me tell you, it's easy to blame the contractor. I know I said this before, but you really have to understand this was -- there were some serious design flaws. And everybody makes mistakes, but this is a once in a lifetime opportunity. And, I wanted to echo the sentiments of Frank, and I'm happy you brought that up.

Commissioner Quesada: Yeah.

Commissioner Lago: He doesn't get the credit he deserves.

Commissioner Mena: And, I just want to add to that, you know, as, you know, Commissioner Lago obviously is an engineer...

Commissioner Lago: Contractor.

Commissioner Mena: And, probably has some more expertise on some of the technicalities of this project. But, for us -- at least, for me, you know, Peter's advice and comments are valuable.

Mayor Valdes-Fauli: Absolutely.

Commissioner Mena: I also want to comment, the selection committee was incredible. It was really...

Commissioner Lago: Who's who -- it was a who's who...

Commissioner Mena: It was a who's who of experts in this industry. And so, you know, for me, it gives me a lot of peace of mind to support the recommendation and the scoring that they

ultimately arrived at, even though it was very close. And, I think we're lucky, as Peter articulated, that we have three companies really that are excellent.

Mayor Valdes-Fauli: Right.

Commissioner Mena: Probably all of them could do a great job on this project and it gives us -- puts us in a good position to negotiate going forward.

Mayor Valdes-Fauli: Thank you.