

City of Coral Gables City Commission Meeting
Agenda Item D-1
August 25, 2020
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli
Vice Mayor Vince Lago
Commissioner Jorge Fors, Jr.
Commissioner Pat Keon
Commissioner Michael Mena

City Staff

City Manager, Peter Iglesias
Assistant City Manager, Ed Santamaria
City Attorney, Miriam Ramos
City Clerk, Billy Urquia
Assistant Finance Director, Celeste Walker
Labor Relations and Risk Management Director, Raquel Elejabarrieta

Public Speaker(s)

Agenda Item D-1 [9:20 a.m.]

A Resolution accepting the recommendation of the Chief Procurement Officer to award the Risk Management & Insurance Brokerage Services contract to Arthur J. Gallagher Risk Management Services, Inc., the highest ranked responsive-responsible proposer, pursuant to Section 2-763 of the Procurement Code entitled "Contract Award" and Request for Proposals (RFP 2019-041)

Mayor Valdes-Fauli: Chief, stay on. The next is report on the City's response to protest demonstrations in the City and in Miami. I know that we have an item later on about conduct of

the police and our training, but this -- Chief, I'd like for you to report on the events of two Saturdays ago. I was here, so was the Vice Mayor. And it was a very, very orderly demonstration, a very orderly -- I'm very proud that this -- and we got publicity. The way it happened, it was fantastically respectful of people's right to protest and orderly at the same time. Chief, would you like to report?

Mayor Valdes-Fauli: Okay. Vice Mayor, please, D-1, D-2, D-3 and what else?

Vice Mayor Lago: D-1 and D-2 and D-3.

Mayor Valdes-Fauli: Okay, please.

Vice Mayor Lago: In reference to D-1, I was -- and I want Miriam, our City Attorney -- I didn't have a chance to speak with her about this. I think I mentioned it yesterday in my review with the Manager and the City Attorney and the team that I had been contacted by one of the insurance companies that was attempting to respond to the RFQ and that they had been disqualified. After reviewing the RFQ and some of the points that were made by this entity, I was -- I found out that there was only -- I think there was only two responsive bidders out of the five firms that submitted. You know, I'm always a proponent -- and I know that my colleagues on the Commission are the same -- of competition. Especially during these difficult times, we need to do everything in our power to lower our overhead, as we have not only tough times and a shortfall this year, but we're expecting next year. When you review the documents and you review them clearly, you know, you see significant, significant amounts of dollars that can be saved. And I wanted staff to really explain to me why is it that we disqualified a firm that based on the fact that, you know, they didn't have five years of the required experience, but they met all the other qualifications, especially in a market like insurance, where FMIT, which is the team that they were going to be joining is something that's used by many other cities throughout all the cities in Miami-Dade County. And also, that their fee was significantly less than the firm that was chosen. We're talking about probably 25 to \$30,000 on their fee. So I wanted to really understand in regards to that issue, why we proceeded and why we only had two firms, and that we should have done maybe a little bit

more due diligence to open up the net to catch as many people who -- so that we could have something that has a competitive bid and brings back significant reductions in the cost.

City Attorney Ramos: Ms. Walker on the call?

Vice Mayor Lago: So...

City Attorney Ramos: No? Okay, I know that she...

Assistant Finance Director Walker: Good morning.

City Clerk Urquia: She is on the call.

Assistant Finance Director Walker: I'm here, I'm here.

City Manager Iglesias: Yes. Vice Mayor...

Assistant Finance Director Walker: Good morning. Celeste...

City Manager Iglesias: Vice Mayor, yes. I would like Celeste Walker to -- our Assistant Director for Finance for -- in Procurement to really respond to that. Thank you.

Assistant Finance Director Walker: Good morning. Celeste Walker Harmon, Chief Procurement Officer. Vice Mayor, to your question and your points, we do try to courage as much competition as possible. That's the reason why we issue the solicitations on a national platform and we go nationwide. Specifically, with regard to the minimum qualifications, those are set so that we can establish a baseline on what we consider someone comparable, someone who's qualified to be able to provide the services. That was established at five years based off of previous projects as well as the experience that we expect for that person to have to be able to manage our portfolio. In

addition to the proposer having five years, we also asked that the staff -- the key staffer person that was assigned to the project have five years as well. The three companies that you make reference to did not have that requisite experience. So as far as our process is concerned, we evaluate that and then we make a determination on whether they could be found responsive, and we send that information to the City Attorney and they opined that these particular firms were non-responsive and would not move further in consideration for the project. So that's kind of how the process works with regard to us making sure everyone has an opportunity to meet the minimal qualifications, but also that you meet those qualifications in order to move forward in the process. So...

Vice Mayor Lago: Thank you. Just a few points. And I'd like for you to explain to the entity that was chosen, which is Arthur J. Gallagher, for consideration, they're going to have to go and team up with somebody, and that's what I mentioned before, which is the FMIT, which is a program that's used by any other cities. They're going to have to go out there and they're going to have to hunt for, you know, insurance coverage. You know, when you look at the FMIT -- and again, I'm not an insurance professional. I've just spoken to several people to prepare for D-1. They tell me that FMIT has offered better programs as -- for our employees. In reference to our City employees, it will potentially offer lower deductibles for our City employees and better premiums. So if other cities are using FMIT and this entity, which was disqualified partnered up with FMIT to bring that type of service and caliber to our city, isn't there a way that we could, again, increase our reach and not disqualify somebody who's using an entity like FMIT, which all -- a litany of other municipal -- I won't say all, but a litany of other municipalities are using. They're going to -- Gallagher's going to go reach out to FMIT. Gallagher is going to go and reach out to other insurance providers. So, I just think that by only having two entities qualify, we're stifling competition, which again, I think only hurts not only the City, but hurts the employees.

Assistant Finance Director Walker: Okay, so I'm not -- to that point, as far as the pro -- I can only go on the process. The process requires that we initially qualify them as minimally required, so if you don't meet that threshold, we don't go into the consideration of evaluating your proposal to see

who you're teamed up with or how you did it, or what your offering. So, at that point in time, the details that you're making reference to are not researched and evaluated because they did not move to that phase of the competition.

Vice Mayor Lago: I think they should be researched because, at the end of the day, it only hurts the employees. I'm going to be voting no on this issue. I think -- we've used Gallagher on multiple occasions. I think that we need to really review our processes and see what other municipalities are doing in an effort to hopefully, you know, again, increase competition. We need to increase competition, and we're locking ourselves down to somebody, and I want to make sure that we avoid that. So, on item -- on D-2...

Mayor Valdes-Fauli: No, no. Wait, wait, wait.

Commissioner Mena: Can we...

Mayor Valdes-Fauli: Wait, wait, wait, wait, wait. Let's vote on D-1.

Vice Mayor Lago: Perfect.

Mayor Valdes-Fauli: I -- this is a City Manager form of government and I trust our City Manager's recommendation. We have used Gallagher many, many years, and they had been very satisfactory for our purposes, I think. And I would like to hear a motion that we approve Gallagher. Is there a motion?

Commissioner Mena: I'll make -- I'll second it for comment.

Mayor Valdes-Fauli: Yeah. Alright.

Vice Mayor Lago: So, again, I'm not calling into question Gallagher's ability. They're...

Mayor Valdes-Fauli: No, no, no. I understand. You're...

(OVERLAPPING COMMENTS)

Commissioner Mena: Yeah, and I'm...

Vice Mayor Lago: I want to make that clear on the record.

Commissioner Mena: Sorry, I didn't mean to interrupt.

Vice Mayor Lago: No, no, no, no. Commissioner Mena, I apologize.

Mayor Valdes-Fauli: Okay. There is a motion...

Commissioner Mena: I...

Mayor Valdes-Fauli: On the floor and a second. Will you call the roll, Billy?

Commissioner Mena: No, I said I wanted to second it for comment.

Mayor Valdes-Fauli: Okay. Oh, okay. Go ahead.

Commissioner Mena: I just want to echo the part of Vice Mayor Lago's comment about, you know, making sure we have as much competition as possible because that's what's going to yield the best service. And if -- I'm just concerned about when I hear that an applicant is being disqualified because they don't meet the minimum five years, but if I'm not mistaken, like in the context of what Vice Mayor Lago was just talking about, you have an applicant who's really just a broker and they've partnered with a company that has 40-plus years of experience and services

dozens and dozens and dozens of municipalities, it's kind of a little odd to say, "Well, you don't have sufficient experience to even be part of the competitive process." It just -- it's difficult to understand that. I know we set forth requirements so that -- to try to have an objective process, but when you have a situation where you have a broker partnering with an entity that's going to provide a certain service and that entity they're partnering with has six, seven, eight times the amount of experience you're asking for, to just say -- to just not even hear from them, it just seems a little overly stringent. And I don't know what the process is typically when you have an applicant who's partnering with another entity, but my goal is simple. My goal is to allow as many quality applicants to go through the competitive process as possible so that we get the best result. And if you eliminate too many applicants at the outset and you basically have two applicants at the end of the day after you go through the qualifications, to me you're stifling competition, and I don't think that's what anybody's goal is. I respect and understand the point that Ms. Walker made, that there was a five-year thing and the broker maybe doesn't technically have those five years. But what I'm asking for is to be a little more nuanced than that. When you see that that person has partnered or that entity has partnered with a company that, you know -- it's like if -- I can't even explain it. It's a company that is almost an industry leader in the area that they've partnered with, and we're saying they don't have the experience to even participate in the process. To me, something's wrong there. And so, I would like to see us really think about these things and how we handle these situations, again, with the simple goal being I'm not into picking winners and losers here. That's not my role. I'm only interested in having as much competition as possible. And if you eliminate somebody from the game before it starts, they don't get to compete. And so...

City Attorney Ramos: So, Commissioner Mena...

Commissioner Mena: I don't know what the result is...

City Attorney Ramos: If I...

Commissioner Mena: But I'm in agreement with Vice Mayor Lago on that issue.

City Attorney Ramos: I could speak to that. I think that the key here is to maybe then be a little more open in our language in the solicitation. Once we put in five years and we start to make exceptions to that requirement, we end up in a bid protest and we likely lose. So, we're much better off at the onset saying five years, but if you're a broker that has blah, blah, blah, accounting for that on the front end when we put out the solicitation than trying to include them after the fact.

Unidentified Speaker: Right.

Assistant Finance Director Walker: Miriam, can I make a point?

City Manager Iglesias: Commissioners...

Assistant Finance Director Walker: Vice Mayor and Commissioner, I hear your points and what Miriam is saying is definitely something to be considered. But I do want to point out or clarify the difference between partnering with someone -- because someone can go into a joint venture and respond. However, that is not how the proposer submitted their proposal. So, if they had done that as a joint venture, as a true partnership, then the experience of both would have been considered. However, they did not propose like that, so reasonably, they probably listed the company as a subcontractor of who they would be dealing with, but there's a difference between a partnership and a true joint venture when you submit a proposal for these types of solicitations.

Vice Mayor Lago: Ms. Walker, just a quick question. What is the timeframe in regard to this contract?

Assistant Finance Director Walker: This contract is initially three years with two 2-year renewals, so it's a possibility of a total of seven years.

Vice Mayor Lago: And those renewals are at the discretion of the City Manager, correct?

Assistant Finance Director Walker: Absolutely, and we have a termination clause for convenience for anytime even during the initial three years that the City can...

Vice Mayor Lago: I'd like -- you know, and I'll address this on D-2. It's the same situation. You know, these -- it's a little bit of a different situation in regard to D-2 but...

Mayor Valdes-Fauli: Vice Mayor, I -- respectfully, let's deal with D-1 first and then...

Vice Mayor Lago: But I'm not...

City Manager Iglesias: If I may say something, Vice Mayor, on -- just on D-1. And as an expert that you are in the construction industry, you know you have to be very, very careful. If you have a sub in your list, it's not a joint venture. When you have a joint venture, everybody is on the hook. And we have to be very, very careful with that. Now, I've already talked to Celeste about our five years, and we're thinking about possibly reducing that somewhat and being a little -- looking at those issues a little better. However, you know, in construction, if you put a bid as a sub, not as a joint venture, it's a whole different ballgame and -- because both firms are not on the hook on that contract. So, I think we need to look at this a little bit differently. I believe, as our Assistant Director said, if they would have come in as a joint venture -- one thing -- a joint venture is a totally different thing. We had an issue like this on the Public Safety Building at one time, in which a firm that had been less than one year -- and by the way, the principals of those firms were stellar people in construction, but they were not joint venturing with someone. They were actually subbing somebody else. That's something that -- that risk is something that is totally different. And so, as you know, in the construction business, one thing is joint venturing and one thing is submitting someone that will be part of your team, but not part of a joint venture.

Vice Mayor Lago: So...

Mayor Valdes-Fauli: Okay.

Vice Mayor Lago: And I agree with your statements, Mr. Manager, very clear and to the point and concise. If we're going to move forward with this...

Mayor Valdes-Fauli: Let's move forward with it, please.

Vice Mayor Lago: Mr. Mayor, one second.

Mayor Valdes-Fauli: Yeah.

Vice Mayor Lago: You know, what I -- let me finish my train of thought.

Mayor Valdes-Fauli: No, no, of course.

Vice Mayor Lago: What I would like to see is, at a minimum, that their fees be reduced so they fall in line with maybe some of the other entities that were nonresponsive. And I would like to see that it's not just a three-year contract then a two-year extension and a two-year extension. I mean, we're talking about seven years there. You know, I think what we need to have is competition, and we need to have competition, you know, on a continual basis. It doesn't have to be yearly, but we need to make sure that we go to market and ensure that we're offering not only the best prices, but that we're offering the best quality. We're talking about the employees. This is about employees. The best quality for our employees, and that's what I want to make sure. So, I don't know if my colleagues agree with me on that, and that's maybe something that we can negotiate as we're working with Mr. -- with Arthur J. Gallagher Risk Management Services.

City Manager Iglesias: And I agree with you.

Unidentified Speaker: Vice Mayor, if I may.

City Manager Iglesias: I think one year is really too short.

Vice Mayor Lago: Yeah.

City Manager Iglesias: Three years is good because then you'll be in procurement every year, which makes no sense, right? So I think a three-year contract, where we look at this very, very, very carefully -- we're also looking at our five-year experience issue, very, very carefully too to actually reassess whether we should go to three, and we're looking at that right now in this particular case, and there was a separate issue...

Commissioner Mena: How many applicants got eliminated or didn't go...

Assistant Finance Director Walker: Three.

Vice Mayor Lago: Three.

Assistant Finance Director Walker: Three.

Vice Mayor Lago: Three out of the five.

Commissioner Mena: I just -- guys, I just -- I can't echo this enough. I mean, we're giving out a three-year contract, and we only had -- we ultimately only had two people compete for it, two entities compete for it. That's disappointing. And this is, I feel like -- I understand that in a bidding process, there's a cone of silence and all these things. But it feels like that there's a terrible lack of communication that, you know, it's happened on other items we've discussed, where -- you know, on the furniture for the police building and all those things, like you know, the goal should be, in my opinion, to get as many people into the competitive process as possible. Now, if they can't, if

they can't meet the qualifications, that's one thing. But is there any communication -- this is a question. I don't know the answer to this. Is there...

City Manager Iglesias: Well...

Commissioner Mena: Any communication that's allowable, for example, to say, "Hey, applicant, you technically don't meet these five-year things. We understand you're partnering with 'Company X.' If you did it as a joint venture, you would be able to compete, but the way you submitted it, you can't." To me, again, the goal is, let's get the best applicants in the process and compete. But to have two companies competing for a three-year contract from a city our size, it's a little disappointing. And I also want to say that we're talking about what's basically a broker, right? And when we talk about the experience, I suspect that the individuals who run this entity have a lot of experience in being insurance brokers, but that they just created a new company. You know, that's like if, I don't know, Elon Musk starts a new company, and he started this company a year ago, and we pretend that that company only has a year of experience building electric cars when it's Elon Musk behind -- I'm not saying whoever this person is -- I don't even know who the person is, but what we're talking about is a brokerage firm. It's like a law firm, right? If I go start a new law firm tomorrow, that law firm doesn't have one year of experience. It has 16 years of my professional experience and whoever my partners are experience. And I just think we need to do a little more to not let technicalities like that eliminate competition. I know that's part and parcel of a bid process that you have to have certain requirements. But I feel like there could be more communication. I feel like could be -- it's a little more nuanced to how we structure those requirements because we're eliminating people who are clearly qualified before they can even compete, and that to me is extremely disappointing, even given these comments that we're going to give out a three-year contract with having eliminated three of the five applicants.

City Attorney Ramos: Commissioner...

Mayor Valdes-Fauli: (INAUDIBLE).

Vice Mayor Lago: It's a three-year contract that has two extensions, which brings it all the way up to seven years, so that's...

Mayor Valdes-Fauli: Miriam.

Vice Mayor Lago: One of the big issues too.

Commissioner Fors: I also -- Mayor, I also wanted to see -- and I discussed this with staff before this bid even went out -- I want to see somebody -- I don't even know if we're talking -- but we're going to be talking about the same person or the same bidder, but I wanted to see somebody involved who had access to the Florida League of Cities insurance pool, thinking that would create significant price pressure on the competitors. I was disappointed to see that at least one of the folks who could have offered that was eliminated because of this minimum requirement as well.

Vice Mayor Lago: You're -- that's a...

Mayor Valdes-Fauli: Alright, folks. We've discussed this enough. Billy, will you call the role and then let's get on with D-2. Will you call the roll?

City Clerk Urquia: Sorry, Mr. Mayor. Who made the motion?

Mayor Valdes-Fauli: I'll make the motion.

Unidentified Speaker: Are we on D-1?

Mayor Valdes-Fauli: We're on D-1. Go ahead. Call the roll, please.

City Clerk Urquia: Commissioner Fors?

Commissioner Fors: What's the motion? To defer...

Mayor Valdes-Fauli: To approve D-1.

Commissioner Fors: No.

City Clerk Urquia: Commissioner Keon?

Commissioner Keon: Yes, but I also had some questions, but yes.

City Clerk Urquia: Vice Mayor Lago?

City Attorney Ramos: Billy, I'm sorry. I'm sorry to be a stickler for process here, but someone had moved before the Mayor moved and Commissioner Mena seconded.

Commissioner Mena: I thought I seconded the Mayor's motion.

City Attorney Ramos: Okay, so the Mayor, I guess, virtually passed the gavel to make the motion?

Mayor Valdes-Fauli: Yeah.

City Attorney Ramos: Okay.

Mayor Valdes-Fauli: Yeah, but let's go on. Come on.

Commissioner Keon: Can I -- can we still ask a question or you're just going to do the roll call?

Vice Mayor Lago: There's always -- Commissioner, there's always time to ask...

Mayor Valdes-Fauli: No, go ahead.

Vice Mayor Lago: As many questions as you need.

Commissioner Keon: I...

Vice Mayor Lago: So, the floor is yours.

Commissioner Keon: Listening to all of your comments about it not being -- I -- you know, I don't -- didn't look at the applicants, who they were and what their qualifications were, and why someone was eliminated. But I have seen in enough other contracts, you know, from the time that I've been here in the City and also the time in the County that the -- and I understand your desire to have someone -- and to have competition, but oftentimes there -- in things that have this limited range of specialization, there aren't a lot of people necessarily that do it. But if -- in answering the bid, I'm surprised that the individuals didn't -- the other -- the individual you're speaking of, who I don't even know the name -- I don't recall the name of, you know, they did it as a sub for another group. Why didn't the other group that's the larger group just apply? Did they apply?

Commissioner Mena: The broker applied and is offering the services of the company with 40-plus years of experience (INAUDIBLE). I guess not as their -- not formally as a joint venture partner but as what they're offering.

Commissioner Keon: But they didn't...

Assistant Finance Director Walker: No, they did not propose as an individual (INAUDIBLE), if you would understand that. No.

City Manager Iglesias: I think that...

Commissioner Keon: (INAUDIBLE).

City Manager Iglesias: (INAUDIBLE). I'm sorry.

Commissioner Keon: The bid was -- I mean, they didn't respond properly to the bid. I mean, anyone -- or you should be when you're responding to bids in the public sector, you know, you know the process of responding to a bid. You know the qualifications; you know what the issues are. And if you don't -- you know, if you can't respond correctly -- and don't most of these have some sort of a pre -- a conference related to bid prior to the bid being awarded?

Assistant Finance Director Walker: Yes, ma'am. Some of them do, some of them don't, but all of them have what we call a question and answer period, which the vendors are -- proposers are allowed to ask questions about anything pertinent in the solicitation. That includes the minimum requirements, anything about the scope of work. We issued three addendums with three questions, and none of them pertained to the experience and them questioning that. Also, part of our Code, they are allowed to -- if you want to call it -- challenge any of the information that we have in there, and they have to do that so many days prior to the solicitation closing. Again, that did not happen with regard to the minimal qualifications. So, as far as we're concerned, we didn't see an issue with the minimum qualifications that were established. And keeping that in mind, those are the same minimum qualifications that were issued previously and also comparably to other solicitations issued by other municipalities. With regard to the number of years, there are multiple entities who have issued contracts for these services who have a ten-year contract in place, again, for the reasons that they probably want to establish a long-time relationship, and so that the person can be comfortable with the expectations to build a portfolio for the City. So, there are multiple things involved, but yes, everyone has more than ample opportunity to ask questions and for those questions to be answered if they have any concerns.

Commissioner Mena: Is there an opportunity to cure like a technical default like this? Is there like a...

Assistant Finance Director Walker: No, because with regard to responsiveness, you cannot cure that. So as far as that's concerned, you are required to meet the minimum qualifications at the time of submittal.

Commissioner Mena: And just so I'm clear about something, the -- again, I'm pretty confident that the individuals who own and operate this brokerage firm all have probably experience and licenses that go back much longer than five years. So, what you're talking about is an entity that was formed less than five years ago by people with lots of experience doing this thing, and we're pretending that that entity doesn't have sufficient experience. It just...

City Manager Iglesias: But...

(OVERLAPPING COMMENTS)

Assistant Finance Director Walker: (INAUDIBLE) proposer and the staff.

City Manager Iglesias: Excuse me.

Vice Mayor Lago: Which by the way...

City Manager Iglesias: May I say something? Commissioner Mena...

Vice Mayor Lago: Commissioner Mena, which...

City Manager Iglesias: If I may say something.

Vice Mayor Lago: Just to add a little bit more...

City Manager Iglesias: You have people with extensive amount of experience, and I believe Commissioner Lago has been in many, many bids. If he looks at a bid and it says 20 years' experience because he's doing a major bridge, he will find a company to partner with that has 20 years' experience. And if you're experienced enough to know that, then you should be aware of that or ask the question.

Commissioner Mena: But are we looking for people who excel at RFPs or are we looking for people who excel at the underlying service that we're looking for?

Vice Mayor Lago: So...

Commissioner Keon: I think...

Commissioner Mena: I want more people to get in...

Vice Mayor Lago: Commissioner...

Commissioner Mena: To compete and offer the service we're looking for. And so, okay, maybe they didn't bid right or whatever, but you're looking at somebody with -- providing a service from a company that the Florida League of Cities works with, cities all over the state, 40-plus years of experience. I get it. But to me, it would be a better process if somebody at the outset, before the actual competition starts, says, "Hey, by the way, unless you make this a joint venture with them, you're not going to be allowed to compete." And either they can do it or not.

(OVERLAPPING COMMENTS)

City Attorney Ramos: Could Raquel or Celeste...

City Manager Iglesias: I would assume, Commissioner Mena, if those people have 15 years' experience, that they should know that.

Commissioner Mena: They should know that about...

City Manager Iglesias: That's very, very...

Commissioner Mena: Bidding.

City Manager Iglesias: They should know that about...

Commissioner Mena: I don't care about their bidding skills. I care about...

City Manager Iglesias: They should know that.

Commissioner Mena: Their insurance product and the services that we're receiving.

City Manager Iglesias: No, no. I understand that. I understand that, Commissioner, but it's very, very common to have this. And if you don't meet the -- any of the qualifications, then you can partner up with people that do, but that means partnering up. That means not having them as one of your subcontractors.

Commissioner Mena: Do these -- does this company even know why they were eliminated and not allowed to compete sitting here today?

City Attorney Ramos: Yes.

Assistant Finance Director Walker: Yes, that was in our award recommendation, yes.

City Attorney Ramos: Can either Raquel or Celeste speak to what FMIT is? I think there's a little bit of confusion as to what that is.

Assistant Finance Director Walker: I cannot answer that question, Miriam.

City Manager Iglesias: Raquel.

City Attorney Ramos: Raquel, are you on?

Labor Relations and Risk Management Director Elejabarrieta: I'm not sure if they're like the underwriters. I do know...

Vice Mayor Lago: Yes.

Labor Relations and Risk Management Director Elejabarrieta: I do know that it's usually used by smaller cities in the type -- and this is -- Arthur J. Gallagher, they procure our property and our liability insurance. They do not procure on any health insurance or our employee benefits. But I think FMIT, the Florida League of Cities -- the smaller cities work with FMIT, and they have -- it's almost like a pool insurance. So, all the municipalities share in this property of pool insurance. So, I think the City of Coral Gables -- I mean, we would be happy to look into how they procure their insurance, but our portfolio's over \$200 million, so I think...

Vice Mayor Lago: But I...

Labor Relations and Risk Management Director Elejabarrieta: We're a little bit bigger than the type of cities that are usually used -- that usually use FMIT.

Commissioner Fors: I'll say two things about that, Raquel. Basically, what I know about the FMIT, I think its sort of -- it may have an outdated -- people might have an outdated view of it that it used to be something for smaller cities. Maybe I'm wrong. This is the impression I got, that it used to be for smaller cities; that that's not necessarily the case, that there's reinsurance provisions where, you know, you're guaranteed covered up the same amount you'd be guaranteed covered under your traditional insurance, at least nowadays, based on the size of the pool. Maybe that wasn't the case in the past, but I was, you know, pushing for us to look into it because, you know, I think there's data that it creates ultimately, even if you don't go with FMIT, it creates a lower bid standard across the board, even for the traditional insurers. But really getting back to my point -- and that's all I want is to look into it because I -- you know, I'm not sure the FMIT is really just for small municipalities like it used to be. But couldn't we make the five years or one year, two-year, three year, four or five years, just a factor that gives the bidder a higher score rather than a threshold requirement?

Assistant Finance Director Walker: Commissioner...

City Manager Iglesias: Commissioner, I don't think that we want to go below a certain minimum experience. We're looking into whether it's going to be three or five is something that we're looking at right now, but I don't think we want a firm that just decides to come together for one bid and go. You have to be very, very careful with that. Hence, you have traditionally many times this experience requirement. And again, if you don't meet the experience requirement and you understand what you're bidding for, you will partner with a firm that does, and that is a good way of having a smaller firm and your firm initiate new contracts and that is very traditional in many areas. I can tell you it's very traditional in construction and many other areas where, yeah, experience matters. It does matter. And if you have a firm -- you may have great people but that firm is six months' old, I'm not sure if I would want them building our Public Safety Building because that firm is six months old. I -- and it's got great people, very experienced people, but do we really want that? So, I do think that experience does count. Having a firm with a certain amount of longevity does count. And if you don't have it, certainly you can partner up and get it,

but that would be partnering up and get it, and that's one traditional way of, in many areas, getting that kind of experience.

Vice Mayor Lago: Mr. Manager, if I just may add some comments to what you just stated, why I think it's important and why we deal with it every day in construction and design. When they ask for a company's history, you know, you're trying to avoid companies coming together, which maybe have broken up for certain reasons, like a bankruptcy, a litigation, and you want to see what these companies have done for two, three, four, five, ten years in certain cases, depending on the qualifications, the RFQ qualifications. You know, again, I think we need a little bit of flexibility on the issue here because this is a broker that's going to go to market, so this broker is going to go to market and they're going to use a completely different entity to bring insurance to the City. And I'm not an insurance person, but this is not the person who's building the Public Safety Building. Similar to what you stated about the subcontractor, you want to make sure your subcontractors have experience. But when we put out an RFQ, we're not asking for a subcontractor years of experience. We're asking for a contractor. So, there's a few other points. That's point number one. Point number two, when you look at the FMIT proposal fee, which is on page for 42, I don't know if anyone's had the chance to take a look at that. Their fee was \$94,000 with a 4 percent cap. When you at AJG, Arthur Gallagher, their previous proposals, you're looking that they charged the City a fee of \$120,000 with a 5 percent cap. At a minimum, at a minimum, you're talking about almost \$30,000 in savings a year. So, if we're going to do this for three years, potentially seven years with two year -- with two, 2-year renewals, that could be \$210,000 in savings over the next seven years for the City, along with the cap. So, I really think that we need to be very careful when we negotiate this. I have the utmost faith in your staff at Procurement. But if we have somebody that's coming in using FMIT, like Commissioner Fors and like Commissioner Mena mentioned, which is being used by multiple other very reputable cities -- I have the list here; Coral Springs, Sunrise, Plantation. There's a bunch of other cities that are using FMIT. And our broker is going to go to market and use to FMIT, then I hope we're not being charged \$120,000 a year. I hope we're being charged \$94,000 a year with a 4 percent cap. So, I want to put that on the record, and I hope that when we revisit this, number one, that they don't get

a -- that they don't just get another extension and we hear about this in seven years. None of us may even be here, number one. And number two, let's at least save the City \$210,000 over the lifespan of a seven-year contract, if that's the case. Ms. Walker...

Assistant Finance Director Walker: Commissioner, if I may.

Vice Mayor Lago: Do you agree with my...

Labor Relations and Risk Management Director Elejabarrieta: Vice Mayor, if I may. If I may, Arthur J. Gallagher proposed the \$90,000.

Assistant Finance Director Walker: \$90,000.

Labor Relations and Risk Management Director Elejabarrieta: So they...

Vice Mayor Lago: Yeah, I'm going off their old fees of \$120,000.

Labor Relations and Risk Management Director Elejabarrieta: Yes.

Assistant Finance Director Walker: Their old fees, yes. This new proposal and the proposal that they submitted, their fee is \$90,000, which of course, we will attempt to negotiate, but that would be the cap at where start. So, it is a cost savings over the previous contract and the information that was submitted by the proposer who was eliminated.

Vice Mayor Lago: I would not provide them under any circumstances two 2-year kickers to get - take this all the way to seven years. It stifles competition. And I want to make sure that anybody who has a contract with the City, one that's a multi-year contract, that they understand that they have to be on their A game constantly, not only providing financial savings to the City in these very difficult times, but they need to provide the best services for the employees and whatever. If

they're servicing the residents or they're cutting -- if they're cutting our swales, if they're cutting our trees, whatever that may be. I want to make sure that, you know, all of these contracts are scrutinized, that we're not giving out seven-year contracts. I think that only benefits the entity who is awarded the RFQ or RFP.

Labor Relations and Risk Management Director Elejabarrieta: Vice Mayor, I agree with you. Just so you know, Arthur J. Gallagher, we were in the middle of the first renewal and we actually eliminated their contract for convenience so that we can go ahead and issue this RFP, so they were in the middle of their fourth year, which is their first renewal, and we went ahead and went out to RFP.

Commissioner Fors: And perhaps...

Labor Relations and Risk Management Director Elejabarrieta: And we'll continue to do that.

Commissioner Fors: Their reduction in the fee from last year was already price pressure as a result of some of these other companies just being in the conversation. I'd like to see -- you know, I think the point here is how much more price pressure can be created.

Commissioner Mena: Yeah. My concern is a process where 60 percent of applicants get eliminated before the -- basically, before the competitive process, and you have a total of one competitor for the party that is being awarded the contract at the end of the day. To me, that -- I want to see more competition than that, and there's something wrong with that process. To me, when 60 percent of people are eliminated before you even get to that actual competitive process on, again, things that are, to me, somewhat technicalities -- I understand the importance of experience, but we're talking about a brokerage firm run by highly-experienced people working with a highly-experienced entity. I just think there needs to be more nuance to it or something done to the process so that that's not the result. So, I'm not -- I just can't support a process that

despite best efforts, that's the result, 60 percent out the door before you get in, and two people bidding. It's just -- that's not good at all to me.

Vice Mayor Lago: I agree.

Commissioner Keon: I think that we need to be very careful when we start involving ourselves in procurement, unless we really believe that the procurement process is -- you know, either the RFP is severely flawed and limits the response because of the flaws in the RFP. But I think you have staff that do this all the time that have a lot of experience in the field and I, you know, trust their judgment, unless someone can point out to me where there is a flaw in the RFP. And I think the issue of experience is appropriate. I -- you know, I do think it's important that people apply for these contracts, you know, deal with staff and talk to staff, and they don't go a political route and they don't go to elected officials with their concerns or complaints, that they do it within the department so that the department can deal with it. And when they, you know, get to a Commission meeting, they're not surprised by, you know, the award -- whoever is being awarded is not, you know, surprised that there has been some political involvement in this process either. And I agree with you that it's important that we have competition, but I also believe that when we're dealing with other people's money, which is the residents' and the City's, that we need to be very diligent in knowing who we are doing business with and how we conduct business. I think the actual, you know, portfolio that the company, whoever is awarded this bid, is a very big portfolio, a business. And I know that based on the last claims we had from Irma, working with the companies that we have worked with have been very successful. We've been very successful, and we've had a very, very good experience. And I'm truly more concerned about the experience that we have as a City, in the coverage that we are provided, in the responsiveness of the insurance carriers that we use, that I really am in promoting a lot of competition. There's enough stuff out there that people can compete. I'm really far more concerned about the actual service that is provided to the City by the people that we -- and the companies that we contract with to provide us service. So, I...

Mayor Valdes-Fauli: Okay.

Commissioner Keon: I would support the RFP because of -- for those reasons.

Vice Mayor Lago: Mr. Clerk, we have a...

Mayor Valdes-Fauli: Can I...

City Manager Iglesias: If I may -- Mayor, if I may say something. I think what we have -- I don't believe five years' experience is an excessive amount of experience. I think that this bid -- this was -- instead of renewal, we went out to bid instead of simply renewing the actual contract. I think there are ways of providing your experience if you don't make that bid, certainly, by partnerships and joint ventures. They were allowed to -- they were -- in addition to that, during the question and answer period, and during the solicitation period, they were allowed to make a comment concerning that five-year experience. None was made.

Commissioner Mena: Was there a discussion about it?

Mayor Valdes-Fauli: Wait. Can I -- we have discussed this...

City Manager Iglesias: Well, it was (INAUDIBLE) in the bid and the price is \$90,000, Mayor, not \$120,000.

Mayor Valdes-Fauli: Can I --? I'm not speaking as Mayor because this part of...

Unidentified Speaker: Mayor.

Mayor Valdes-Fauli: The meeting the Vice Mayor is running. But we've been discussing this for...

Vice Mayor Lago: Yes.

Mayor Valdes-Fauli: About 55 minutes.

Vice Mayor Lago: Okay, so we have...

Mayor Valdes-Fauli: Can we go on? And we interrupted the vote in the middle so that Commissioner Keon could say a few words. Please, let's get continue.

Vice Mayor Lago: So, Billy, we have -- unless there's any other comments, we have a motion and we have a second for discussion.

Mayor Valdes-Fauli: Yes. And he interrupted the vote in the middle of it.

City Clerk Urquia: So, Commissioner Mena?

Commissioner Mena: No.

Mayor Valdes-Fauli: Yes.

Vice Mayor Lago: No.

(Vote: 2-3)

City Clerk Urquia: Mr. Mayor, the motion fails.

Mayor Valdes-Fauli: Motion fails. Okay, D-2.

Vice Mayor Lago: Item D-2, again, I (INAUDIBLE)...

Commissioner Keon: Can I ask what happens with D-1 now? I'm sorry, I'm sorry.

Mayor Valdes-Fauli: No. We just voted on it and discussed it for an hour.

Commissioner Keon: I know, but so now what happens because we need to have someone that provides us with these services. So, do we go back out for another RFP or what do we do? To staff, what do we do?

City Manager Iglesias: We will go back out for another RFP, Commissioner.

Commissioner Keon: And -- okay. We can talk about that later. Alright, thank you.

Commissioner Mena: And I also...

Vice Mayor Lago: Or if we...

Commissioner Mena: I...

Vice Mayor Lago: I mean, at the end of -- go ahead, Commissioner Mena, excuse me.

Commissioner Mena: I just -- listen, I -- all due respect, I feel compelled to just respond to comments about political involvement. I'm not sure exactly what that means, but I gave what I believe our objective reasons why I'm not satisfied with the process. You eliminated 60 percent of the applicants before you got to the competitive process. You only had two people competing, and we keep talking about experience. We all understand experience is important, but I also don't overstate the corporate form that's being used by experienced people to bid. It's an entity they created. You have very experienced people. And by the way, I'm sure -- if Gallagher wins the process with a lot of competition, fantastic. I genuinely -- with all due respect to the applicants -- don't care who wins. What I care is that you have competition. And I'm -- we continue to have people eliminated before the process starts on things that, to me, are technicalities. I'm not saying experience is a technicality. I'm saying claiming that individuals with years and years and years

and years and years of experience working with a company with 40-plus years of experience, to say that they don't have experience because they created a new entity a few years ago and started providing brokerage services, I just think is not the genuine basis to say that they don't have experience. I think if -- pick whoever you want that has all the experience in the world, if -- I don't know, if -- pick somebody that we deal with a lot in town, Allen Morris, Steve Battelle, whoever you'd like, goes and starts a new company next year and bids. Are we really claiming those people don't have experience doing what they're doing? Of course not; that's silly. So, what I don't want is technicalities to get in the way of competition. To me, the competition and the service being provided is more important than the bidding process. The bidding process is a means to an end. It shouldn't be the skill that we're evaluating.

Mayor Valdes-Fauli: Thank you.

Vice Mayor Lago: No, and...

Mayor Valdes-Fauli: Thank you, Commissioner.

Vice Mayor Lago: By the way, like you said, they're going out to the market to basically the same insurance companies. So, when you talk about competition, I find it very interesting -- and this is going to go into D-2 -- you know, the moment that we basically nullify their extension, they go from \$120,000 a year fee to a \$90,000 fee. They dropped by \$30,000. Again, what does that mean? That means that they understand that there's competition in the market, and if they're not nimble, they're going to lose this contract, so I think it's a good thing. Competition makes people sharpen their pencil.