

ITEM #75

**ADDITIONAL MATERIAL
10:00 A.M. REGULAR MEETING**

DECEMBER 12, 2017

**SUBMITTED AT THE REQUEST OF
FINANCE and ADMINISTRATIVE SERVICES
DEPARTMENT**



Finance and Administrative Services Department

PURCHASING DIVISION

115 S. Andrews Avenue, Room 212 • Fort Lauderdale, Florida 33301 • 954-357-6066 • FAX 954-357-8535

MEMORANDUM

DATE: December 8, 2017

TO: Board of County Commissioners

THRU: Kevin B. Kelleher, Deputy CFO/Deputy Director
Finance and Administrative Services Department  Digitally signed by KEVIN
KELLEHER
Date: 2017.12.08
12:19:12 -05'00'

FROM: Brenda J. Billingsley, Director
Purchasing Division BRENDA
BILLINGSLEY Digitally signed by BRENDA BILLINGSLEY
DN: cn=brenda.billingsley, o=broward, ou=PL, ou=Users, cn=BRENDA BILLINGSLEY
Date: 2017.12.08 10:58:43 -05'00'

SUBJECT: December 12, 2017 - Commission Meeting - Agenda Item No. 75
Motion to approve final ranking of the qualified firms for Request for
Proposals (RFP) No. R2114673P1, Employee Benefits Consulting
Services

Attached please find Cone of Silence communication dated December 6, 2017 submitted by Mike Gelin of Gelin Benefits Group regarding the subject procurement.

BJB/jc

c: Bertha Henry, County Administrator
George Tablack, CPA, Chief Financial Officer
Robert Melton, County Auditor
Andrew Meyers, County Attorney



December 6, 2017

VIA E-MAIL TO bbillingsley@broward.org

Brenda J. Billingsley
Purchasing Director
Broward County
115 South Andrews Avenue
Fort Lauderdale, Florida 33301

RE: Procurement of RFP R2114673P1 Employee Benefits Consulting Services

Dear Ms. Billingsley,

The purpose of this letter is to provide additional insight into the County's recent procurement process for Employee Benefits Consulting Services. This letter is being written pursuant to Section 1-266(e)(5) of the County's Procurement Code, entitled "Permitted communication" during the Cone of Silence, in order to address a problem with this procurement. Pursuant to the same section, I am requesting that this letter be given to the Commissioners as part of the supporting documentation for the December 12, 2017 agenda item awarding the contract for RFP R2114673P1 Employee Benefits Consulting Services.

Issue 1

According to staff, this procurement did not have any CBE goals because code section 19.40.4(b)(4) requires that "At least two (2) certified CBE firms must be listed in the directory as potentially able to participate on the contract in order to establish a contract goal." There is no question that there were 2 CBE firms listed in the directory as potentially able to participate on the contract. (See July 26, 2017 Memo from Chris Atkinson through Sandy-Michael McDonald to Jacqueline A. Chapman.) However, staff sent some questions to both firms and as a result, determined that only 1 firm was actually interested in participating in the contract and thus established no CBE goals for this procurement.

However, the language in section 19.40.4 is very clear. In order to establish goals, the only requirement is that there are 2 certified CBS firms listed in the directory. There is nothing in this section requiring or authorizing staff to send out additional questions to see if any of the listed firms will subsequently have an interest in participating in the procurement. Because of the undisputed fact that there were 2 CBE firms listed in the directory as required by the code,



staff should have included CBE goals in this procurement.

Gelin Benefits Group, LLC is a certified CBE, headquartered in Broward County, which submitted a proposal as a joint venture with Bolton Partners, Inc. Gelin Benefits Group would be performing fifty-one percent (51%) of the contract. The fact that Gelin was able to submit this joint venture proposal clearly shows that a CBE component was feasible for this procurement.

An additional issue for the Commission to consider is that at the Commission's meeting of September 27, 2017, Commissioner Bogen proposed the following change to the County's Procurement Code, to which Commissioner Holness requested to be added as a sponsor.

Item 42. MOTION TO DIRECT Office of the County Attorney to draft an Ordinance amending the Broward County Business Opportunity Act, Sections 1-81 through 1-81.8 of the Broward County Code of Ordinances (the "Business Opportunity Act"), and to draft a Resolution amending any related provisions of the Broward County Administrative Code, to require all County contracts that may be validly assigned County Business Enterprise (CBE) participation goals (e.g., contracts that are not subject to federal or state participation goals, are otherwise ineligible for participation under federal or state law, and sole source contracts) to have a minimum CBE participation goal of 25%, unless County staff demonstrates, at the time a related solicitation or motion to award a contract, as applicable, is presented to the Board for approval, that there is an insufficient number of available, certified County Business Enterprises (CBEs) that are qualified to participate in a specific project or that there are other compelling reasons to assign a lower CBE goal to a particular County contract. (Commissioner Bogen)

This item passed the Commission on a 7 -1 vote. I believe that this change to the County's code would have resulted in the inclusion of CBE goals for this procurement and would have likely changed the outcome of the scoring for RFP R2114673P1 Employee Benefits Consulting Services.

Issue 2

There is another problem with this procurement. The number 1 ranked firm is Wells Fargo. Wells Fargo has since been acquired by USI (see attached article). USI was not responsive to the RFP. USI did not submit a proposal, financial records, company information, or otherwise subject the company to the evaluation and procurement process. I believe that in the past when a respondent was acquired by another company in the middle of the procurement process, as is the case here, staff rejected the "new" respondent as they were not the same party who provided the response.

Finally, when you review the back-up, you will find that the Gelin Benefits Group/Bolton Partners joint venture had the least objections to the County's standard contract.

I am respectfully requesting that the Commission take this information into consideration

Ms. Brenda Billingsley
Information about Employee Benefits Consulting Services
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and award the contract for RFP R2114673P1 Employee Benefits Consulting Services to the Gelin Benefits Group/Bolton Partners joint venture. This would further the Commission's desire to help build Broward based businesses, as well as award a contract with a fifty-one percent (51%) CBE component.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads "E. Mike Gelin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

E. Mike Gelin

USI finalizes Wells Fargo Insurance Services acquisition

Posted On: Dec. 4, 2017 9:31 AM CST

Matthew Lerner

USI Insurance Services Inc. has closed on its acquisition of Wells Fargo Insurance Services USA Inc., USI said in a statement early Monday.

The deal, [announced in June](#), combines two leading brokers, each with roughly \$1 billion in revenue, and [vaults USI up the rankings](#) of the world's largest brokerages.

The deal includes the insurance brokerage and consulting, employee benefits and property/casualty national practices of Wells Fargo, along with its Safehold Special Risk, small business insurance, student insurance, individual health and private risk management insurance business lines, the statement said.

Terms of the transaction were not disclosed.

“With the combined strength of our two market-leading companies, USI is one of the largest and strongest insurance brokerage and consulting firms in the world,” Michael J. Sicard, chairman and CEO of USI Insurance Services, said in the statement.

Mr. Sicard spoke to *Business Insurance* about [the deal and the brokerage sector](#) in December's View from the Top .



Today we face risks that didn't exist 20 years ago.
Some of them didn't exist a week ago.

REACH OUT

STARR
COMPANIES

INSURANCE
JOURNAL

View this article online: <https://www.insurancejournal.com/news/national/2017/12/04/472977.htm>

USI Completes Acquisition of Wells Fargo Commercial Insurance Business

USI Insurance Services announced the closing on its acquisition of Wells Fargo Insurance Services USA (WFIS), formerly part of Wells Fargo & Co.

This purchase includes the commercial insurance brokerage and consulting, employee benefits and property/casualty insurance national practices of WFIS, along with its Safehold Special Risk, small business insurance, student insurance, individual health and private risk management business lines. Terms were not disclosed.

The plan to sell the business to USI was [announced in June](#). In May, Bloomberg had reported that [Alliant Insurance Services was also in the running](#) along with USI to buy the business for as much as \$2 billion.

Wells Fargo Insurance Services writes or places about \$9 billion worth of premiums annually, according to its website.

USI, headquartered in Valhalla, New York, has more than \$1.0 billion in revenue, employs more than 4,400 professionals and operates out of 140 local offices serving every state.

Wells Fargo has said it is exiting the insurance business to focus on its core banking business.

Wells Fargo's personal lines insurance unit is not part of the sale to USI. However, Wells Fargo announced last week that it is winding down [its personal insurance business](#). The company said the exit process should be finished during the first quarter of 2018.

On November 9, 2017, Wells Fargo Insurance agreed to [sell its crop insurance broker business](#) to Hub International Limited, a global insurance brokerage.

This is not the first transaction between Wells Fargo and USI Insurance Services. In 2014, Wells Fargo [sold 42 of its smaller regional insurance locations](#) representing about 40 percent of its insurance brokerage locations to USI. The remaining 55 locations are in larger markets that generate more than 90 percent of brokerage revenue, Laura Schupbach, head of Wells Fargo Insurance, said at the time of that transaction.

Wells Fargo has been dealing with [several insurance-related probes](#), on top of its major scandal in which employees created fake bank accounts in order to achieve sales goals. The insurance probes have to do with alleged unwanted placement of insurance for car loan customers and sales of so-called gap coverage that covers the difference between what a customer owes on a car loan and the value an insurance company will give to the customer if the car is destroyed in an accident or stolen.

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OFFICE OF ECONOMIC AND SMALL BUSINESS DEVELOPMENT
Governmental Center Annex

115 S. Andrews Avenue, Room A680 • Fort Lauderdale, Florida 33301 • 954-357-6400 • FAX 954-357-5674

MEMORANDUM

DATE: July 26, 2017

TO: Jacqueline A. Chapman, Purchasing Agent
Purchasing Division

THROUGH: Sandy-Michael McDonald, Director *SM*
Office of Economic and Small Business Development

FROM: Chris Atkinson, Assistant Director *Ca*
Office of Economic and Small Business Development

SUBJECT: Review of CBE Goals for Solicitation Number R2114673P1 Employee Benefits Consulting Services

On July 20, 2017, the Purchasing Division requested additional review by the Human Resources Division and the Office of Economic and Small Business Development of the assignment of no CBE goals for the Employee Benefits Consulting Services solicitation (original memorandum issued April 21, 2017).

On July 25, 2017, OESBD and Human Resources Division staff met to discuss the scope of services for the project and to identify all potential services for subcontractors that may afford opportunities for CBE firms. This discussion identified two CBE firms that showed initial interest in the project. It was agreed that Human Resources would draft questions highlighting points that would qualify firms as having the capacity and experience necessary to participate effectively on the project; these questions would be sent to both firms that showed interest, and a decision would be made on establishment of goals based on the response. Only one of the two firms showed both interest and the requisite capacity to participate given the qualifying questions. The other firm indicated that they did not have experience in this area.

Per the Broward County Administrative Code, section 19.40.4(b)(4), at least two (2) certified CBE firms must be listed in the directory as potentially able to participate on the contract in order to establish a contract goal. As only one firm has indicated that they are potentially able to participate, OESBD will establish no goal on the project.

This assessment is made based upon the examination of the scope of work as submitted to the Office of Economic and Small Business Development by the using agency. Please contact the office at (954) 357-6400 with any concerns.

cc: Lisa Morrison, Human Resources Division