

An elected official's company was ranked last for a contract. Here's how he won anyway

[By Aaron Leibowitz](#)

November 05, 2019 05:16 PM



A ceremony honoring BSO deputies had just ended when Tamarac City Commissioner Mike Gelin decided to air out some previous grievances. Gelin proceeds to call out Deputy Joshua Gallardo for, in his words, "falsely arresting" him four years ago.

BY CITY OF TAMARAC | [PIERRE TAYLOR](#) ✉

When a committee in North Miami was reviewing applications to manage the city's employee healthcare benefits, all five members gave one applicant the lowest marks: Gelin Benefits Group, a small firm run by Tamarac Commissioner Elberg Mike Gelin.

"They have limited staff so unsure if they have capacity to accommodate our demand," Karen Muir, the city's risk management director, said in handwritten comments on her evaluation form.

The rate the company proposed — a 3% commission on health insurance costs — was also higher than that of two other applicants, according to bid documents.

But when the committee's scores were released last week, Gelin Benefits Group ranked first out of four finalists. That's because it got a 10-percent point boost through North Miami's "local business preference" program, intended to give businesses with a presence in the city a leg up.

At a City Council meeting in July, Mike Gelin, who goes by his middle name, told the councilors: “We are the only local North Miami firm that bid on this contract.”

But calling Gelin Benefits Group a “local business” in North Miami would appear to be a stretch. The company’s website lists a Fort Lauderdale address and makes no mention of North Miami. And it’s not clear that the company has any tangible presence in the city.

What it does seem to have is a “virtual office” — the right to an address and a mailbox in an office suite in a North Miami strip mall known as Causeway Square.

According to a 2017-18 lease agreement obtained by the Miami Herald, Gelin Benefits Group paid \$62.10 a month to Regus, an office space company, for its “Mailbox Plus” offering, which allows a company to receive mail at an address and use it for “business correspondence” but not to physically use the space.

If the North Miami city council approves the staff recommendation on Nov. 12, Gelin Benefits Group will win a three-year contract with two additional one-year options, worth almost \$150,000 per year if employee health insurance costs remain steady.

The image shows a screenshot of a Regus 'Online Virtual Office Agreement'. The document includes the following details:

- Agreement Date:** September 6, 2017
- Confirmation No.:** 8053713
- Business Center Details:** FL, North Miami - Causeway Square
- Address:** 1801 N.E. 123rd Street, Suite 214, North Miami, Florida 33181, United States of America
- Sales Manager:** James Stewart
- Client Details:** Company Name: Gelin Benefits Group, Contact Name: Mike Gelin, Address: 5021 Abbey Road, Tamiami, Florida 33321, United States of America, Phone: 9542800181, Email: mkgelin@gelinbenefitsgroup.com
- Virtual Office Payment Details (exc. tax and exc. services):** Virtual Office Type: Mailbox Plus
- Initial Payment:** First month's fee: \$62.10, One Time Registration Fee: \$0.00, Service Retainer: \$62.10, Total Initial Payment: \$124.20
- Monthly Payment:** Total Monthly Payment: \$62.10
- Service Provision:** Start Date: September 1, 2017, End Date: September 30, 2018

A lease agreement for Gelin Benefits Group’s address in North Miami.

The council has already voted twice to reject staff recommendations for this contract and reissue its request for proposals. Last June, when Gelin was not among the applicants, officials cited concerns about a potentially biased committee member. Then, this past July, several councilors argued the city could get a lower price if they started over again.

Scott Galvin, the city's longest-serving council member, has questioned his colleagues' decision to go through three rounds of bidding. He said he was disappointed to learn that North Miami's longtime employee benefits manager, Sapoznik Insurance, went from first to last in the scoring between the second and third rounds.

"It doesn't sit well with me," Galvin said.

When it comes to local preference, he added, city employees don't "go around and knock on the door" to verify information.

"That game is always there to be played for anybody who wants to say they have an office or staff in the city," Galvin said.

In August, a couple weeks before bid applications were due, North Miami's purchasing department sought a formal opinion from the city attorney's office on what constitutes a local business under city rules.

Among the department's questions were: Does an employee need to be present in the office each day? Are there minimum requirements for office hours? Does the office need "identifiable signage indicating the presence of said company?"

The next day, Aug. 6, deputy city attorney Jennifer Warren responded that the city code does not establish any requirements for office hours, employees on site, or signage.

Instead, Warren said, a company must simply do two of three things: produce a business tax receipt, which certifies a business to operate in the city; agree to outsource 10 percent of its contract to a North Miami firm; or have 10 percent of its workers live in the city.

Gelin Benefits Group did the first two.

The company applied in October 2017 for a certificate of use, which allows a business to open in a particular zoning district and paves the way for a business tax receipt. In that application, Gelin wrote a brief letter telling the city he planned to have "standard business hours of 8:00 a.m. to 5:00 p.m. on Monday through Friday."

He attached a copy of his company's lease at the Causeway Square address. The city granted him a certificate of use.

Then, in June 2018, Gelin paid \$66 for a business tax receipt, according to city records. His company has since renewed that receipt twice for subsequent fiscal years.

Last Wednesday and Thursday, a Herald reporter visited the company's stated address on the third floor of an office building next to an LA Fitness gym. Both times, a receptionist said no one from Gelin Benefits Group was in that day and that an appointment was required.

The suite featured the placards of 14 companies. Regus was one of them, but Gelin was not. According to the 2017-18 lease, Regus offers a “lobby directory listing” for some clients, but not under the Mailbox Plus agreement.



A list of placards at the office suite listed as Gelin Benefits Group's address in North Miami. Aaron Leibowitz

Asked to explain if his company has office space in the city, Gelin told the Herald in an email: “As we stated in our [RFP] response, we will work from the office in North Miami.”

Gelin then echoed language in the city code and said the company has had “space” in North Miami since 2017.

“We have space there where we conduct, engage in, or carry on all or a portion of our clients’ business in North Miami,” Gelin said. “We have been there since 2017 for the purpose of servicing current clients in South Florida and to pursue additional clients in the Miami market.”

The Herald asked Gelin to provide a current version of the lease or invoices that would show his company has utilized a conference room at the North Miami address, but he declined.

“I have given you enough for your story. Have a good day,” Gelin said.

In response to a public records request for a newer version of the lease, North Miami officials said they couldn’t locate one.

Gelin Benefits Group’s 107-page application for the employee benefits contract sheds little light on the situation. In the “Local Business Preference” section, the company writes: “The Gelin Benefits Group maintains an office location in North Miami.”

Earlier in the proposal, the company says: “Our staff will work from the office in North Miami which is located just minutes from City Hall. We have a dedicated and experienced team ready to serve the City of North Miami.”

An unusual bidding process

It’s not clear whether Gelin’s decision to acquire a North Miami address and a license to do business in the city was related to an intention to bid for the employee benefits contract.

The bidding process for the contract started in May 2018 and has since featured three separate requests for proposal and a series of unusual turns.

Twice, the city council has rejected the recommendation of city staff and voted to reissue the request for proposals. The first time, in June 2018, councilors raised concerns that a member of the evaluation committee had given relatively low marks to three of the applicants — including the city’s longtime benefits manager, Sapoznik Insurance — while giving high marks to another.

City Manager Larry Spring agreed to shake up the membership of the evaluation committee and the bid was reissued in April with a May deadline. That’s when Gelin Benefits Group first applied.

When the new committee scores were released, Sapoznik, the city’s benefits manager of 17 years, was the top choice. Gelin, despite receiving local preference points, finished third.

Then lobbyists made a move. Under city rules, a so-called “cone of silence,” which bars applicants from communicating with city officials, is lifted once a recommendation is made, even if the City Council has not yet voted to approve it.

In the days before the City Council vote, representatives for Gelin and another company, Foundation Risk Partners, tried to persuade North Miami’s elected officials that Sapoznik Insurance wasn’t the most cost-effective choice.

The pitch worked. At a July 9 council meeting, Galvin moved to approve Sapoznik for the contract, but Mayor Philippe Bien-Aime suggested an alternative path.

“I don’t think tonight we have any problem with Sapoznik or any other company,” the mayor said. “We just want to see if we can save more money.”

Spring, the city manager, shrugged when he was asked if the bid should go out a third time.

“I worked very hard and saved the city a lot of money this year,” he said, noting that Sapoznik had recently agreed to lower its commission rate. “Could we yield more savings? I don’t know ... It’s hard to say.”

Galvin pleaded with his colleagues to go with Sapoznik.

“If you lose out in the process and all you have to do is lobby some council members to get back in the game, then why do we even bother?” he said.

Bien-Aime acknowledged that lobbyists played a role in the process: “Did we talk to lobbyists? Yes, of course. Lobbyists are gonna talk to us.”

Then the council voted 3-2 to issue the request for proposals for a third time.

On Oct. 28, applicants learned that Gelin Benefits Group was the new top-ranked bidder. Sapoznik, which finished first in the previous round of bidding and is based in neighboring North Miami Beach, came in last.

Rachel Sapoznik, the founder and CEO of Sapoznik Insurance, expressed frustration with the decision. She said her company has helped the city save money on premiums in recent years and has supported city employees with an “open door policy” at its offices.

She said she plans to ask the council to reject the staff recommendation, given the uncertainty surrounding Gelin’s local business status.

Vendor Name	Committee Scores	Local Business Preference (10%)	Final Scores	Final Ranking
Gelin Benefits Group, LLC *	426.0	42.6	468.6	1
Foundation Risk Partners Corporation	463.0	N/A	463.0	2
The Gehring Group, Inc.	452.0	N/A	452.0	3
Sapoznik Insurance & Associates, LLC	448.0	N/A	448.0	4

* Qualified for Local Business Preference per Section 7-151 of the City’s Code of Ordinances.

A summary of bid scores for North Miami’s employee benefits management contract shows that local business preference points lifted Gelin Benefits Group LLC from last to first. *CITY OF NORTH MIAMI*

City officials say Gelin has fulfilled the requirements for local business preference. In addition to producing a business tax receipt, the company pledged to give \$18,000 of annual work to a North

Miami graphic design firm, Vessel Design, to “develop open enrollment booklets” and print materials.

Still, the city code appears to reflect a desire to prevent anyone from gaming the system. A local business, the code says, should be a company with a “permanent office or other site where the local business conducts, engages in, or carries on all or a portion of its business” in North Miami.

“A post office box or a location at a postal service center shall not constitute a business location,” the city code adds.

North Miami’s local business preference program has been called into question before. In a review of the city’s operations released in 2017, Florida’s auditor general found that oversight was lacking.

City officials should take more steps to verify the information companies provide, the report said, or else “risk that such preference will be afforded to respondents that do not qualify.”

Local businesses preference isn’t unique to North Miami, but some governments have more stringent requirements. Miami-Dade County, for example, only awards extra points if a company has had its county-level business tax receipt for a full year before it submits a proposal.

Gelin Benefits Group first submitted its proposal in North Miami on May 24, less than a year after it received its business tax receipt last June.

A controversial choice

Gelin, who was elected to the Tamarac City Commission last year, made waves in September when he publicly [chastised a Broward sheriff’s deputy](#) who had arrested him four years ago.

The deputy, Joshua Gallardo, had just been honored at a commission meeting when Gelin addressed him.

“You probably don’t remember me, but you’re the police officer who falsely arrested me four years ago,” Gelin said. “You lied on a police report. I believe you’re a rogue police officer, you’re a bad police officer and you don’t deserve to be here.”

In the 2015 incident, before he was a commissioner, Gelin was recording an interaction between police officers and two homeless men in Tamarac when Gallardo told him to stop filming.

Deputies arrested Gelin for resisting an officer without violence. In the arrest report, Gallardo said he told Gelin to “not continue to approach me from behind” and that he “advised him he could continue to record,” statements that conflicted with video evidence of the arrest. Prosecutors didn’t pursue charges.

The Tamarac commission decided last month that Gelin [will not face discipline](#) for his criticism of the officer.

