MEMORANDUM

TO: Wanda Paul, Chief Operating Officer

FROM: Teresa Michael, Inspector General

DATE: July 27, 2020

SUBJECT: Management Advisory: Painting Subcontractor, Salon Café, Inc. (Wellington ES – Facilities Renovations & Repairs)

CC: Donald E. Fennoy II, Ed.D., Superintendent
    David G. Dolan, Deputy Chief of Facilities Management
    Dicky Sykes, Director of Office of Diversity in Business Practices

As part of the Office of Inspector General’s contract review responsibilities, my staff regularly attend the monthly Construction Oversight Review Committee (CORC) meetings. Upon our review of the February 13, 2020, CORC meeting agenda, we noted that a company named Salon Café Inc. was listed as a subcontractor to perform painting services at Wellington Elementary School. The name of the company seemed unusual for a painting contractor, so we initiated further inquiries that led to this Management Advisory.

OIG REVIEW

For this review, we examined the process utilized by the Facilities Construction Department to review subcontractor qualifications. In addition, since the subcontractor was listed as a certified Minority and Woman Business Enterprise (M/WBE) and Small Business Enterprise (SBE), we examined the processes utilized by the Office of Diversity in Business Practices (ODB) related to subcontractor certifications. Our review included the period from May 1, 2019, through April 10, 2020, and included interviews with staff from the Facilities Construction Department and Office of Diversity in Business Practices. We also reviewed the following documents:

- State of Florida, Palm Beach County, Local Business Tax Receipt for Salon Café
- City of Greenacres, Local Business Tax Receipt for Salon Café
- School Board Policy 6.143, Diversity and Equitable Utilization in Business
- School Board Policy 1.093, Construction Oversight and Review Committee

The School District of Palm Beach County
A Top High-Performing A-Rated School District
An Equal Education Opportunity Provider and Employer
• **Office of Diversity in Business Practices Procedures Manual - SBE and M/WBE Program Implementation by Industry**
• **Construction Industry Licensing Board of Palm Beach County, Standards for Certified Categories, per Chapter 67-1876 Special Act, Laws of Florida, as amended (Rev. 10/30/17)**
• **Office of Diversity in Business Practices – SBE Certificate for Salon Café**
• **Office of Diversity in Business Practices – M/WBE Certificate for Salon Café**

**BACKGROUND**

Our review of the February 13, 2020, CORC meeting agenda revealed that a company named Salon Café was listed by the Construction Manager (Messam Construction) as a subcontractor to perform painting services for the Wellington Elementary School renovation/repair project (#1671-7100). The name of the company seemed unusual for a painting contractor so we initiated further inquiries. The OIG subsequently learned that Salon Café’s primary business was related to cosmetology and personal care, and not painting renovated structures. Upon our discovery, my staff communicated their observations to you immediately, because approval of the Construction Manager’s contract was on the agenda for the February 19, 2020, School Board meeting.

The Construction Manager, Asset Builders, LLC d/b/a Messam Construction, is located at 18300 NW 62nd Ave., Miami, Florida, and was selected as the highest ranked Construction Manager in response to RFP #18C-036R to renovate Wellington Elementary School. The subcontractor, Salon Café Inc., is located at 305 Swain Blvd, Greenacres, Florida, and was certified as a District M/WBE and SBE vendor in May 2019 in the area of “Cosmetologist Services”

M/WBE or SBE firms intending to enter into subcontracts with Construction Managers who bid on District contracts complete a Participation Letter of Intent (Form PBSD 1525). Construction Managers submit these forms with their bids. The form specifies the project name, sub-contractor name, description of services, contract amount, and whether the subcontractor is certified with the District as an M/WBE or SBE.

**CONCLUSIONS**

1. **Salon Café Purported to be a Certified M/WBE and SBE Prior to Obtaining District Certifications**

On May 9, 2019, the owner of Salon Café signed a notarized Participation Letter of Intent (Form PBSD 1525) to paint Wellington Elementary for $165,102. The Participation Letter of Intent indicated the business was a District certified M/WBE and SBE (See Attachment 1). However, Salon Café was not a District certified M/WBE and/or SBE at the time. Salon Café became

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1 Office of Diversity in Business Practices, SBE and M/WBE Certificates

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certified on May 14, 2019, and May 15, 2019, respectively. Thus, Salon Café inaccurately purported to be a certified M/WBE and SBE on the Participation Letter of Intent dated May 9, 2019.

2. Salon Café’s Qualifications to Perform Painting Services Were Questionable

The Office of Diversity in Business Practice certified Salon Café as a SBE and M/WBE in the area of “Cosmetologist Services” (See Attachments 2 and 3). During the certification application process, Salon Café provided current State of Florida licenses for a “Cosmetology Salon”, and for a “Cosmetologist”. They also provided local business tax receipts from the City of Greenacres for their “Cosmetology Salon”, and from Palm Beach County for “sign and window painting”.


“hold all required state/local licenses to perform the work for which certification is sought. Those companies that require a professional license to perform their line(s) of business should provide the name of license holder/individual qualifying agent."

Also, according to the Construction Industry Licensing Board of Palm Beach County, Standards for Certified Categories, a painting contractor is a “Specialty Contractor” which is defined as

“those who can qualify with a minimum of three years’ experience, 1-1/2 years of which must be in a supervisory capacity, who specialize in one or more of the crafts of the building construction and related contracting trades.”

And,

“Painting Contractors are those who are qualified to prepare surfaces and to apply paints, coatings and other finishes, excluding waterproofing of roofs. This includes but is not limited to; concrete staining/coating, horizontal deck coatings/spray deck, drywall spraying, epoxy seamless flooring painting, faux finish painting, roof painting, sealing/coating/staining or waterproofing of non-roof surfaces.”

In addition, Article 9.1 Subcontractors’ Qualifications of the District’s contract with Messam Construction states,

“The Subcontractor should have successfully completed a substantially equivalent level of work on a similar project. Subcontractors must meet the standard of the Construction Managers established pre-qualification requirements and should demonstrate experience, bonding capability and financial condition. The Subcontractor should also

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demonstrate that adequate personnel and equipment are available to properly perform the scope of work within the scheduled time for completion.”

Qualifications of subcontractors are especially important when working with hazardous materials within schools.

Before construction contracts are placed on the School Board Agenda, the established review process is for the Facilities Construction Department to forward contracts to ODBP for review. ODBP reviews the subcontractors listed in construction contracts to ensure they maintain the required license(s) to perform the specified work, and validate their certifications. In this instance, the contract with the Construction Manager was revised several times over several months due to price negotiations. We confirmed the Facilities Construction Department appropriately forwarded the original contract to ODBP for review in November 2019; however, the revised contract was not forwarded to ODBP for final review. As a result, Salon Café’s licenses/certifications were not reviewed and approved by ODBP prior to being placed on the School Board Agenda by the Facilities Construction Department.

Shortly after we brought the above issues to your attention, Messam Construction replaced Salon Café with a duly licensed painting subcontractor prior to the contract being presented to the School Board. The OIG commends you and your staff for taking immediate corrective action to remedy the issues identified. However, we recommend internal controls be strengthened to help prevent this type of situation from occurring in the future.

RECOMMENDATIONS

The Facilities Construction Department and Office of Diversity in Business Practices should ensure all contracts are adequately reviewed and approved prior to being presented to the School Board for approval. Transmittals for required reviews and approvals from both departments should be well documented.
Attachment 1 – Participation Letter of Intent (PBSD Form 1525)

THE SCHOOL DISTRICT OF PALM BEACH COUNTY
OFFICE OF DIVERSITY IN BUSINESS PRACTICES

Participation Letter of Intent

- Minority/Women Business Enterprise (MWBE)
- Small Business Enterprise (SBE)

Submit completed form to the Senior Project Administrator (SPA). Direct all questions to (561) 681-2403. Form must be submitted to Bidsync.com

BID# or Project Name: Wellington Elementary School

Name of Bidder/Construction Manager: Salon Café Inc.

The undersigned intends to perform work with the above project as (check one):

- [ ] Individual
- [ ] Partnership
- [x] Corporation
- [ ] Joint Venture
  - If a joint venture, attach letterhead or other documentation proving relationship.

The undersigned intends to perform work with the above project as (check one):

- [x] Subcontractor
- [ ] Subconsultant
- [ ] Manufacturer
- [ ] Supplier

The undersigned is:

- [x] Certified with the School District of Palm Beach County as a MWBE Vendor.
- [x] Certified with the School District of Palm Beach County as an SBE Vendor.
- [ ] Certified with the State of Florida, Department of General Services (Provisional).

The undersigned is. (MWBE or SBE must check one in Column 1 and Column 2. Column 3, if applicable)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>Female</td>
<td>Physically Impaired</td>
</tr>
<tr>
<td>Native American</td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Asian American</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic American</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PARTICIPATION: The undersigned intends to perform the following work in connection with the above project:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Division No.</th>
<th>Contract (Trade) Items (Description/Division)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>09 90 00</td>
<td>Painting</td>
<td>$165,102.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Excluded C-2 Paint Ceiling Suspension Grid and Final Clean)</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>$165,102.00</td>
</tr>
</tbody>
</table>

If the undersigned intends to sub-contract any portion of this subcontract to a non-certified MWBE or SBE subcontractor, the amount of any such subcontract must be stated $.

Name of MWBE or SBE Subcontracting Firm: Salon Café Inc.

Name and Position: (type or print)

INTERNAL USE ONLY - ROUTING DISPOSITION
All executed originals of the form must be submitted to the Office of Diversity in Business Practices
1301 Summit Blvd, West Palm Beach, FL 33406-1811

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Attachment 2 – Salon Café’s SBE Certificate

The School District of Palm Beach County, FL
Office of Diversity In Business Practices

CERTIFIES your firm as a...
Small Business Enterprise (SBE)

SALON CAFE INC
NIGP: 09500, 85229, 91832, 95210, 95244, 96258
This certificate is valid from

May 15, 2019 - May 14, 2022
The following areas that your firm has been certified:
Cosmetologist Services; Professional & Consulting Services (Not Otherwise Classified - Hair Styling and Cuts, Manicure/Pedicure), Barber & Beauty Shop Supplies, Cosmetics & Skin Care: Colognes, Creams, Lipsticks, Lotions, Perfumes, Barber and Beautician Services, Face & Body Beauty Treatment Services

Certification is not a guarantee that your firm will receive work. Please ensure that your company is registered with www.bidsync.com to receive notification of upcoming opportunities. Any change to your certification requires you to submit proof of expertise, licensure and a business history (at minimum) to justify the additional certification. You are required to submit a copy of your certification letter with each bid, or proposal that you submit to the School District. You must notify this office if the status of your firm changes. Failure to report changes that affect the ownership and control of your firm may result in decertification.

Patrick Chrysoptome, Manager

Dicky Sykes, Director

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Attachment 3 – Salon Café’s M/WBE Certificate

The School District of Palm Beach County
Office of Diversity in Business Practices

Congratulations!
M/WBE (Minority/Woman) Business Enterprise

Salon Café, Inc.
as an African American Female Enterprise, in the (M/WBE) Program

This certificate is valid
May 14, 2019—May 15, 2022

The following are the areas that your firm has been certified:

Cosmetologist Services; Professional & Consulting Services (Not Otherwise Classified - Hair Styling and Cuts, Manicure/Pedicure), Barber & Beauty Shop Supplies, Cosmetics & Skin Care, Colognes, Creams, Lipsticks, Lotions, Perfumes, Barber & Beautician Services, Face & Body Beauty Treatment Services.

Certification is not a guarantee that your firm will receive work. Please register your company with www.bidsync.com to receive notification of upcoming opportunities. Any change to your certification requires you to submit proof of expertise, licensure and a business history (at minimum) to justify the additional certification. You are also required to submit a copy of your certificate with each bid or proposal that you submit to the School District. You must notify this office if the status of your firm changes. Failure to report changes that affect the ownership or control of your firm may result in decertification.

Patrick Chrysostome—Manager
Dicky Sykes—Director

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