



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

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INSPECTOR GENERAL

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## MEMORANDUM

**TO:** Wanda Paul, Chief Operating Officer

**FROM:** Teresa Michael, <sup>TM</sup> 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

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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 (ODBP) 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 62<sup>nd</sup> 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"<sup>1</sup>.

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 PBSB 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 PBSB 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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<sup>1</sup> Office of Diversity in Business Practices, SBE and M/WBE Certificates

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".

The *Office of Diversity in Business Practices Procedures Manual - SBE and M/WBE Program Implementation by Industry, Section 6a.ii, Application for SBE Certification*, states applicants must

*"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*

*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 (M/WBE)   
  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](http://Bidsync.com)

BID/RFP 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   
  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):

Subcontractor   
  Subconsultant   
  Manufacturer   
  Supplier

The undersigned is:

Certified with the School District of Palm Beach County as a M/WBE Vendor.  
 Certified with the School District of Palm Beach County as a SBE Vendor.  
 Certified with the State of Florida, Department of General Services (Provisional).

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

Column 1	Column 2	Column 3
<input checked="" type="checkbox"/> African American <input type="checkbox"/> Native American	<input checked="" type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Physically Impaired
<input type="checkbox"/> Asian American <input type="checkbox"/> American		
<input type="checkbox"/> Hispanic American		

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

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

If the undersigned intends to sub-contract any portion of this subcontract to a non-certified M/WBE or SBE subcontractor, the amount of any such subcontract must be stated: \$ \_\_\_\_\_

Name of M/WBE or SBE Subcontracting Firm \_\_\_\_\_

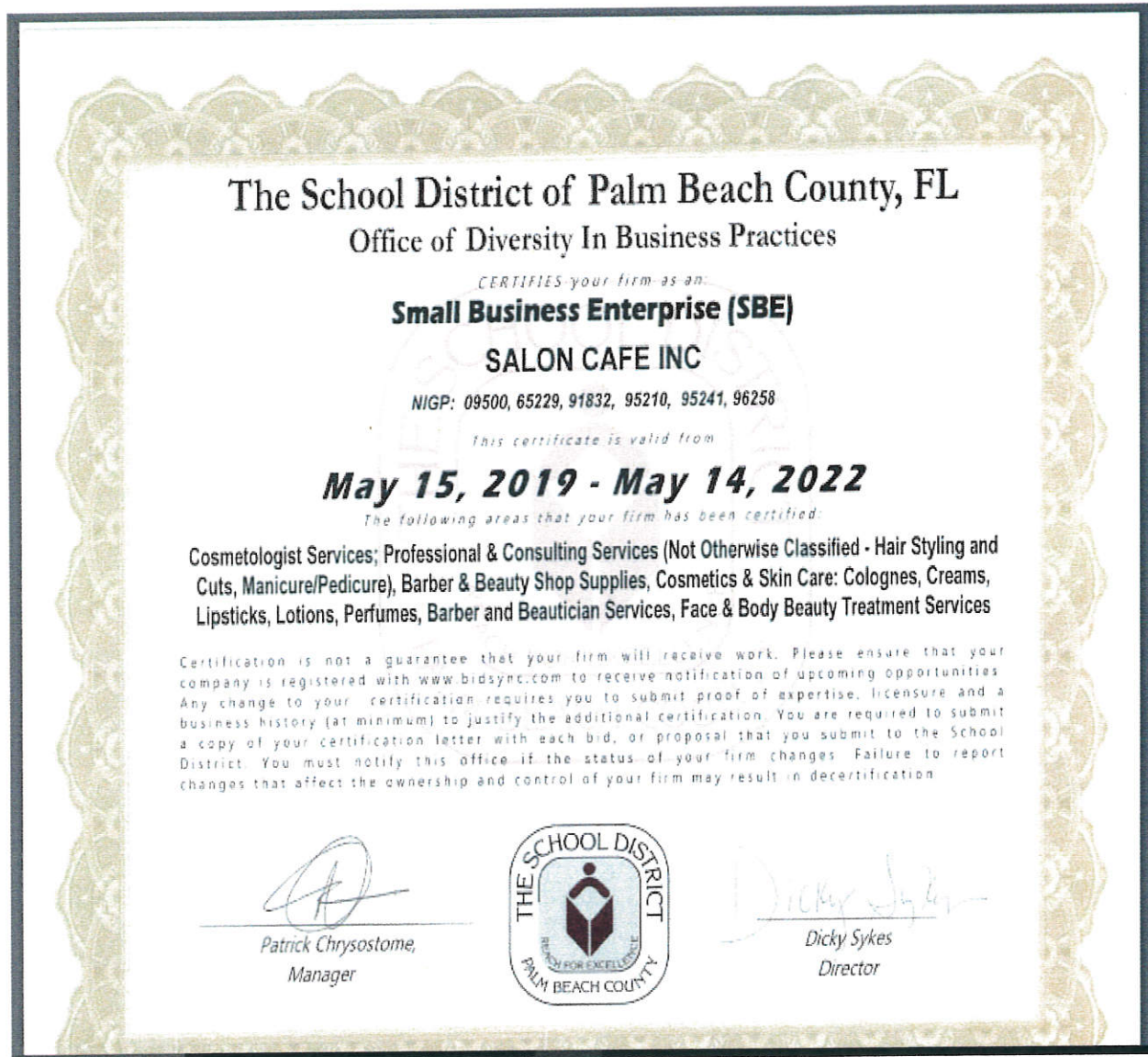
Name and Position (type or print) \_\_\_\_\_

**INTERNAL USE ONLY - ROUTING DISPOSITION**  
All executed originals of the form must be submitted to the  
Office of Diversity in Business Practices  
3300 Summit Blvd., West Palm Beach, FL 33406-5813

*[Signature]*  
Signature

8/10/2020  
Date

**Attachment 2 – Salon Café’s SBE Certificate**



**Attachment 3 – Salon Café’s M/WBE Certificate**



