



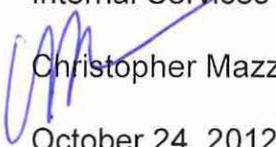
Memorandum



Miami-Dade County Office of the Inspector General
A State of Florida Commission on Law Enforcement Accredited Agency
19 West Flagler Street ♦ Suite 220 ♦ Miami, Florida 33130
Phone: (305) 375-1946 ♦ Fax: (305) 579-2656
Visit our website at: www.miamidadeig.org

To: Kathleen Woods-Richardson, Director
Public Works and Waste Management Department

Lester Sola, Director
Internal Services Department

From:  Christopher Mazzella, Inspector General

Date: October 24, 2012

Subject: Mismanagement of County Funds by Public Works and Waste Management Department (PWWM), Traffic Signal and Signs Division (TS&S); Ref. IG12-05

Attached for your information is a copy of an Office of the Inspector General (OIG) Administrative Case Closure Report concerning the above-captioned matter. As the memo points out, TS&S wasted substantial County tax dollars in the acquisition, design, and furnishings of an office trailer. The memo also points out that both TS&S and the Materials Management Section (MMS) also failed to inventory any of the furniture when it was purchased as well as after the fire. Clearly, this project was mismanaged. Although those responsible and accountable are no longer with the County, I thought it prudent to bring this matter to your attention. The OIG will be taking no further action.

cc: Alina T. Hudak, Deputy Mayor
Ed Marquez, Deputy Mayor

Attachment



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To: Christopher Mazzella, Inspector General

From:  James Mazer, Special Agent

Date: October 24, 2012

Subject: Administrative Case Closure Report; Ref. IG12-05

S/C
AS

An investigation concerning a complaint regarding gross mismanagement and neglect resulting in wasteful spending of taxpayer dollars has been completed. The allegations were that the County spent \$97,232 for an office trailer that sat unoccupied for three years until it was struck by lightning and caught fire. The complaint was substantiated and the investigation revealed that the Public Works and Waste Management Department, Traffic Signal and Signs Division (TS&S)¹ actually spent \$227,075 on this trailer project. What has been salvaged, to this day, remains unaccounted. Because of delays and failure to follow-up, a Certificate of Occupancy (CO) was never issued and, thus, the trailer sat unoccupied. The individuals responsible for managing this project are no longer employed with the County. Nevertheless, it is important to document the circumstances surrounding this breakdown. It is recommended that this matter now be closed.

In January 2012, the OIG received a complaint alleging that early in 2007, TS&S had leased an office trailer to alleviate overcrowded working conditions at its Traffic Control Center Section. TS&S leased the trailer as a temporary solution, as the Traffic Control Center Section was eventually going to be moving into the County facility referred to as the Lightspeed Building. The office trailer project was considered a priority project due to the immediate need to acquire more office space. The trailer was delivered to TS&S on June 25, 2008. The terms of the lease were 36 months @\$2,277 per month for a total of \$81,972, as well as a one-time delivery and set-up fee of \$15,260. TS&S paid \$97,232 on this lease, and the trailer sat unoccupied for three years until it was struck by lightning and destroyed by the ensuing fire, on July 20, 2011.

In addition to the trailer lease costs, TS&S hired an engineering firm as an outside consultant to prepare design plans and the permit application to connect the trailer to

¹In 2007, TS&S was a Division of Public Works which has now been consolidated into a new department- Public Works and Waste Management (PWWM).

the necessary utilities. TS&S paid the consultant \$8,459² for services related to obtaining a CO for the trailer. Although TS&S made three separate submissions of the plans to the County's Regulatory and Economic Resources (REC), Permitting, Environment and Regulatory Affairs (PERA)³, the final plans were never resubmitted, and, thus, a CO was never issued for the trailer. Besides the \$8,459 paid to the consultant, TS&S also incurred an additional \$3,311 for soil and air quality testing required by the PERA⁴.

PERA Permit Application

PERA permit applications are valid for six months unless there is a change in the Florida Building Code. Extensions given to the applicant to resolve any outstanding issues are good for 90 days. TS&S was given five extensions; the last extension was granted on November 20, 2010.

When plans are not approved and are returned with comments, the applicant has to pick up the plans from PERA, make corrections, and resubmit the revised plans for further review. The investigation revealed that there were extremely long gaps between the times that TS&S picked up the rejected plans, revised, and resubmitted the plans to PERA for review. In addition to the delays in resubmitting the revised plans, there was also one occasion where the PERA review of the plans was completed, and the plans remained in PERA's storage for over two months waiting to be picked up by a representative of TS&S.

The chart below shows the time delays involved in the resubmission of the plans to PERA.

Date plans submitted to PERA	Date PERA completed review	Date plans picked up from PERA
September 19, 2007	October 15, 2007	October 18, 2007
October 23, 2008 ⁵	November 3, 2008	January 7, 2009 ⁶
March 9, 2010 ⁷	March 24, 2010	March 24, 2010

² This amount included additional expenses for renewals and reprocessing fees because of the long delays between submissions of the plans.

³ PERA was formerly known as Miami-Dade County Building and Zoning Department.

⁴ The permit application was filed on 9/19/2007. PERA records indicate that on that date TS&S was on notice that the nature of the soil under the structure would need to be identified. TS&S records show that soil testing did not take place until June 2010. Air quality testing did not take place until May 2011.

⁵ Delay of 12 month and 5 days in the resubmission of the plans

⁶ Delay of two months and 4 days in picking up the plans

⁷ Delay of 14 months and 2 days in the resubmission of the plans

In total, as shown above, 28 months were lost in the review process because TS&S either did not pick up the plans or did not resubmit the plans to PERA, in a timely fashion.

Even though the design plans were submitted and then resubmitted a total of three times, the design plans were never approved by PERA because TS&S failed to make the appropriate changes required for the final approval.⁸

Furniture Acquisition

On top of the trailer and engineering expenses, the investigation revealed that TS&S also spent \$118,075 for interior designing and furniture, which was delivered and placed into the unpermitted, unoccupied trailer on December 26, 2008. The furniture was never inventoried or assigned an MDC Asset Number, and sat in the unoccupied trailer for 2½ years. On July 20, 2011, the trailer was struck by lightning and destroyed. According to the majority of the witnesses, the fire destroyed most of the new furniture that TS&S placed in the trailer. The few pieces of furniture salvaged from the trailer after the fire were also never inventoried. TS&S and the Internal Services Department (ISD) Materials Management Section (MMS)⁹ cannot account for the furniture that was salvaged nor the furniture destroyed in the fire. According to witnesses, the pieces of furniture that were still in usable condition were removed from the trailer after the fire, including several chairs and a couple of desks and initially placed in a TS&S warehouse. Over time, at the division chief's discretion, the furniture was distributed as needed to TS&S staff.¹⁰

ISD, Design Services Section (DSS), at the request of TS&S, designed the furniture layout and ordered the furniture for the trailer. For these services, DSS charged the user department \$26,625. According to the invoices the OIG received, the furniture consisted of desks, credenzas, hutches, cubicle workstations, a meeting room table, chairs, and various other pieces of office furniture. During the investigation and review

⁸ TS&S was not new to this process and should have been well aware of the steps it needed to take since this was not the first time that it was involved in acquiring an office trailer and going through the permitting process. In 2005, TS&S purchased an office trailer to alleviate overcrowded working conditions in its Contract Section. The same engineering firm was hired as consultants for the project. According to PERA, the permit application for the first trailer was received on October 5, 2005 and the permit was issued on February 21, 2006—a little over 4 months.

⁹ MMS was formerly a division of General Services Administration (GSA). In September 2011, ISD was created and GSA was merged into ISD. Procurement Management Division (PMD) was formerly known as the Procurement Management Department and was also merged into ISD. MMS became a section under PMD. Even though the majority of the activities reported herein relate to the former GSA, the name of the successor department ISD is used in this report.

¹⁰ During its investigation, the OIG also discovered, through Meeting Minutes created by ISD on May 2, 2011, that a few months before the fire some of the furniture had already been damaged due to a water leakage inside the trailer. The Minutes indicate that the damaged furniture would have to be repaired or replaced. Still no one inventoried the damaged furniture.

of the documents related to the purchase of the furniture, it was noted that the furniture chosen for the trailer was highly priced office furniture. Although DSS was able to obtain the furniture at 50% off the list price, in some instances the furniture pieces were at least three times as much as furniture TS&S had purchased for similar office trailer space a couple years earlier (see Footnote 8). For example, the desks for the first trailer averaged between \$478 and \$637 compared to the desks for this leased trailer, which averaged \$1,300 each. The amount paid for the hutches purchased for the first trailer cost between \$352 and \$418 each, whereas the amount paid for the hutches for this leased trailer was \$1,140 each. The design and purchase also included a minimum of 15 cubicles for a trailer that was to be used only temporarily. Once TS&S moved to its permanent location and the lease expired, the only alternative would have been to dismantle the cubicles. But, according to the DSS Interior Designer that performed the furniture layout and furniture proposal, the cubicles were geared specifically for this trailer, and would not fit in another building unless the building had the same dimensions. The interior designer stated that he believed TS&S had purchased the trailer for a "very long term deal."

Total Costs Associated with Leasing the Trailer:

Engineering plans and design	\$ 8,459.00
Soil Testing & Evaluation	1,920.00
Air Quality Testing	1,390.00
Delivery and set-up	15,260.00
Lease payments	81,972.00
Furniture	82,898.76
10% Surcharge to ISD	8,289.87
DSS Design	26,625.00
DSS Installation Repair	<u>261.29</u>
TOTAL	\$227,075.92

During this investigation, it became apparent that there was a lack of leadership and supervision on the project, and no one would take responsibility and accountability for it. The witnesses that the OIG interviewed as part of this investigation stated there was no real follow-up on what needed to be done and that is why PERA never approved the plans, and the permit never issued. Even though the individuals responsible for this wasteful spending are no longer employed by the County, because these missteps could have been avoided if there had been adequate project supervision, it is recommended that a copy of this closeout memo be provided to the Department Directors. Providing this information on a past event is a safeguard against repeating past mistakes.