



Memorandum

19 West Flagler Street ♦ Suite 220 ♦ Miami, Florida 33130

Phone: (305) 375-1946 ♦ Fax: (305) 579-2656

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To: Hon. Carlos Alvarez, Mayor, Miami-Dade County
George M. Burgess, County Manager

From: Christopher R. Mazzella, Inspector General

Date: July 16, 2007

Subject: Union Electric Contractor Inc., Permit Issue, Grounding Upgrade
MDPD Annex Bldg. Emergency RPQ No. W60213; CICC 7040-0/07;
Ref: IG06-82(B)

Attached please find the Office of the Inspector General's final report on the above-captioned contract. The comments and responses from the Miami-Dade Enterprise Technology Services Department (ETSD) and General Services Department (GSA) are attached. The subject electrical contractor did not provide the OIG with a response.

Overall, the OIG is pleased with the responses from ETSD and GSA acknowledging their responsibilities and shortcomings in this matter, demonstrating their resolve to correct the situation and implementing new procedures to avoid a similar occurrence. The OIG would also like to acknowledge and thank the Building Department for its prompt response to our request that it conduct an inspection of the subject project.

With respect to the permit issue, the OIG considers this matter resolved.

cc: Roger M. Carlton, Assistant County Manager
Ian Yorty, Assistant County Manager
Wendi J. Norris, Director, General Services Administration
Donald M. Fleming, Director, Enterprise Technology Services Department
Charles Danger, Director, Building Department
Roger T. Hernstadt, Director, Office of Capital Improvements
Robert L. Parker, Director, Miami-Dade Police Department
Clerk of the Board (copy filed)

INTRODUCTION & SYNOPSIS

This OIG investigation involves two corporations, Union Electrical Contractor Inc. (Union Electrical), a State of Florida licensed electrical contractor and a Miami-Dade County certified Community Small Business Enterprise (CSBE), and Union Electric Contractor Inc. (Union Electric), a non-licensed, non-CSBE certified contractor.

Responses to the draft version of this report were received from the County's General Services Department (GSA) and the Enterprise Technology Services Department (ETSD), and are attached as Appendix A and B, respectively. No response was received from the subject of this report, Mr. Reloba, President of Union Electric Contractor Inc.

In 2002, Union Electrical was hired to perform work on the grounding system at the Miami-Dade Police Department Annex Building, which is part of the 911 Campus located at 8700 SW 56 Street. In 2006, additional work to the grounding system was needed and **Union Electric** was hired to perform the work.

During the course of a separate OIG investigation, it was discovered that **Union Electric** might not have obtained the required electrical permit for the 2006 project. Our investigation determined that a permit was, in fact, required but none was applied for, or received, by **Union Electric**. The investigation also disclosed that **Union Electric** is an unlicensed contractor that should not have performed the work on this project.

BACKGROUND

Union Electrical is a Community Small Business Enterprise (CSBE) certified contractor with Miami-Dade County (CSBE No. 2411). Mr. Jose D. Ruiz is the principal owner and is the licensed electrician who qualifies this company for its electrical contractor license. This company is approved to perform work under the Office of Capital Improvements' (OCI) CSBE 7040 contract program. Mr. Leo Reloba was an employee and field supervisor with this company.

Union Electric is a separate company formed in 2004 by Mr. Reloba and Mr. Ruiz.¹ This company is not a CSBE certified contractor with Miami-Dade County and is not approved to perform work under the 7040 contract program. In fact, this company is not a registered county vendor. In addition, Mr. Reloba is not a licensed electrician

¹ Mr. Ruiz stated that while he was involved in the initial creation of **Union Electric** and is listed as the secretary on the corporate documents, he had no subsequent involvement with the company shortly after it was formed.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Union Electric Contractor Inc. – Permit Issue
Grounding Upgrade MDPD Annex Bldg. Emergency RPQ No. W60213; CICC 7040-0/07

and his company (**Union Electric**) does not list any individual as its qualifier. Thus, the company is not licensed.

The differences between these two companies are illustrated in the table on the following page.

Company Name	Principal	CSBE Number	County Vendor	Vendor Number	OCI Certified	Licensed Contractor
Union Electrical	Jose Ruiz	2411	Yes	592039142	Yes	Yes
Union Electric	Leo Reloba	None	No	None	No	No

In 2002, Union Electrical performed work on the grounding system at the Miami-Dade County 911 Campus located at 8700 SW 56 Street. Building Department records revealed that a Miami-Dade County Building Department Electrical Permit (No. 2003004423) was issued on October 17, 2002. The final inspection on this permit was performed on March 20, 2003. **(Exhibit 1)** Mr. Reloba was Union Electrical's field supervisor on the 2002 grounding project at the 911 Campus.

In 2006, additional equipment was added to the 911 Campus, requiring upgrades to the grounding system. Mr. Raphael Sans, Infrastructure System Engineer for the Enterprise Technology Services Department (ETSD) and grounding engineer for the 911 Campus, was the project manager for the 2002 project.

INVESTIGATION

Selection of Union Electric

When the new project began in 2006, Mr. Sans contacted Mr. Reloba to perform the work, as he was familiar with Mr. Reloba from the 2002 project. He explained to the OIG that Mr. Reloba/Union Electrical had performed the electrical work on the installation of the grounding system in 2002 and had done satisfactory work.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Union Electric Contractor Inc. – Permit Issue
Grounding Upgrade MDPD Annex Bldg. Emergency RPQ No. W60213; CICC 7040-0/07

Additionally, the new project had to be done quickly because the installation of a new phone system at the 911 Campus required changes to the grounding system.

Mr. Sans stated that he contacted Mr. Reloba to ascertain if the company would be interested in performing the 2006 work. Mr. Reloba then submitted a proposal dated April 12, 2006 to Mr. Sans for the grounding upgrade project. **(Exhibit 2)** The proposal was made using the company name of **Union Electric**, and provides various work scope options totaling \$169,575. Thereafter, on or about April 21, 2006, Mr. Sans sent a letter to the Miami-Dade County General Services Administration (GSA) requesting that **Union Electric** be hired for the grounding upgrade project. **(Exhibit 3)** The request justified the contractor due to the company's previous involvement on the 911 Campus project and as "the most familiar with the site grounding . . . Therefore, they can proceed to accomplish the work involved with the least amount of lead time and instruction." The letter, which incorrectly stated that **Union Electric** was 7040-certified, requested access to the 7040 contract in order to expedite award to the contractor.

Mr. Sans explained to the OIG that he assumed he was hiring the same company for the 2006 project that performed the work on the 2002 project. He did not realize that he was dealing with Mr. Reloba on behalf of a company other than the CSBE certified company of Union Electrical.

Ruth Castellanos, Administrative Officer 2, GSA, explained that GSA was responsible for all payments made to the contractor. She stated that she noticed the discrepancy in the names of the two companies, Union Electrical and **Union Electric**, and brought it to the attention of Mr. Sans and Mr. Reloba. At the time, she believed it to be no more than a typographical error. After speaking to Mr. Reloba, she felt confident that they were the same company. On April 28, 2006, an award letter **(Exhibit 4)** was sent from GSA to Mr. Jose Ruiz, but identified the company as **Union Electric**. The letter was mailed to the street address for **Union Electric**. The work order amount for the grounding upgrade project totaled \$169,575. Our investigation determined that Mr. Ruiz was unaware of this 2006 project.

Ms. Castellanos further explained that this project was unique because ETSD did most of the preliminary legwork before contacting GSA. Mr. Sans obtained a waiver from the normal contractor selection process so that he could utilize Mr. Reloba and expedite the contractor approval process. Ms. Castellanos stated the contractor selection process was done in this manner because the grounding project involved the 911 system and had to be completed as quickly as possible. To the OIG's understanding, a waiver to the normal 7040 selection process was granted.

Required Permits

The 2002 project required a permit and one was obtained. As previously mentioned, this project passed final inspection in March 2003. Mr. Sans told the OIG that back in September 2002, he and Building Department officials communicated via e-mail on the subject of whether a permit was needed on the 2002 grounding project. Building Department officials stated in the e-mails that a permit was needed and one was obtained. **(Exhibit 5)**

Mr. Sans told the OIG that for the 2006 project, he and Mr. Reloba discussed the need for an electrical permit. Mr. Reloba advised him that a permit would not be necessary because there would be no new connections to the “neutral.” Mr. Sans stated that Mr. Reloba’s opinion, coupled with the information provided by the Building Department in the 2002 e-mails, led Mr. Sans to conclude that a permit was not needed in the 2006 project. Mr. Sans added that if a permit were needed in 2006, it would have been the responsibility of the contractor to obtain it. The OIG notes that Mr. Reloba could not obtain a permit as he was not a licensed contractor, and the pseudo company, **Union Electric**, did not have any other qualifier.

Mr. Sans’ supervisor, Juan Aguirre, ETSD Engineering Design Service Manager, was contacted. He advised that that under normal circumstances, ETSD is responsible for ensuring that permits are obtained for projects they are involved in. He stated that this was an unusual job, as they had to go through GSA to obtain an electrical contractor. According to Mr. Aguirre, Mr. Sans asked the electrical contractor if a permit was needed, and Mr. Reloba stated that no permit was needed. Mr. Aguirre stated that he relied upon this opinion. He acknowledged that they have learned their lesson regarding relying solely upon the opinion of the contractor and agreed that the Building Department should have been consulted as was done in the 2002 project.

Mr. Vega was the project manager for GSA. Mr. Vega advised that as the project manager for GSA, he would make site inspections and have phone conversations with Mr. Sans as needed. Mr. Vega stated he also approved invoices submitted for payment. Mr. Vega stated that after reviewing the scope of work, he discussed the need for a permit with Mr. Sans and was told by him that none was needed. Mr. Vega added that it was not his responsibility to ensure that permits were obtained for the project. Mr. Vega stated this responsibility belonged to Mr. Sans.

Mr. Vega’s supervisor, Jose Camero, GSA Architectural & Engineering Manager, was contacted. Mr. Camero advised that as part of his oversight responsibilities for the project, Mr. Vega definitely would be responsible for ensuring that any required permits were obtained. Mr. Camero added that normally Mr. Vega was responsible for the design of a project and not the construction portion.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Union Electric Contractor Inc. – Permit Issue
Grounding Upgrade MDPD Annex Bldg. Emergency RPQ No. W60213; CICC 7040-0/07

The OIG referred the matter regarding the lack of a permit for this project to the Building Department. On April 10, 2007, the Building Department had Mr. Ernesto Dieguez, Electrical Field Unit Supervisor, respond to the job site at the 911 Campus to conduct an inspection to determine if a permit was needed.

Mr. Dieguez met with Mr. Sans at the job site. He reviewed the scope of work for this project, which was prepared by Mr. Sans. Mr. Dieguez inspected the electrical grounding work that was installed by **Union Electric**. Mr. Dieguez determined that a permit was needed. Mr. Dieguez commented that the contractor definitely should have known that a permit was needed for this type of work. Mr. Dieguez also advised that at the very least, as the ETSD manager for this project, Mr. Sans should have done what he did in 2002, which was to contact the Building Department to determine if a permit was needed.

Mr. Dieguez issued a Miami-Dade County Building Department Notice of Violation for having electrical work done without a permit (Case #20070109285). (**Exhibit# 6**)

As it relates to the requirements of permits, the OIG notes that during his interview with the OIG, Mr. Sans stated that he has extensive project manager experience, having worked in the field for over twenty years. According to Miami-Dade County records, Mr. Sans holds a Masters Degree in Electrical Engineering from Florida International University.

CONCLUSION

Based upon the above investigation, the OIG has concluded that a permit to perform electrical work on the grounding system at the 911 Campus in 2006 was not obtained by the contractor, **Union Electric**. In addition, **Union Electric**, as an unlicensed contractor, was unable to pull a permit. The failure to obtain a permit meant that there were no inspections conducted by the Building Department, a key element to insuring that this project was installed safely and according to the building code. A Miami-Dade County Building Department Notice of Violation was issued to Miami-Dade County GSA for having work done without a permit.

While the responsibility to obtain a permit belonged to the contractor—in this case an unlicensed one—the obligation to ensure that a permit was obtained resided with the department-assigned project managers Mr. Sans and Mr. Vega. Mr. Raphael Sans, as the ETSD manager, had the primary responsibility for insuring that the project was done properly and that all electrical standards were met. In addition, Mr. Vega, the GSA project manager had oversight responsibilities and was required to ensure that a permit was obtained if needed. This was not done by either party.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Union Electric Contractor Inc. – Permit Issue
Grounding Upgrade MDPD Annex Bldg. Emergency RPQ No. W60213; CICC 7040-0/07

The failure of the involved County departments to perform proper due diligence has placed the County in an embarrassing situation. In their haste to complete the project, ETSD and GSA were duped by an unlicensed contractor, who was not even a CSBE, let alone a registered County vendor. Their failure to contact the Building Department is inexcusable. Remedial measures will now have to be taken in order to cure the unlicensed electrical work.

GSA advised the OIG that it is in the process of working with ETSD to correct the violation issued by the Building Department. In its response to the OIG, GSA states: "A licensed electrical engineer and a licensed electrical contractor will review the work performed by Union Electric and plans and specifications will be prepared in accordance with the Florida Building Code. Once a permit has been issued, licensed GSA staff will complete the balance of the project."

With respect to the permit issue, the OIG considers this matter resolved.



General Services Administration

Office of the Director
111 NW 1st Street • Suite 2410
Miami, Florida 33128-1979
T 305-375-4513 F 305-375-4968

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June 14, 2007

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- Urban Revitalization Task Force
- Vizcaya Museum and Gardens
- Water and Sewer

Mr. Christopher Mazzella
Inspector General
19 West Flagler ST, Suite 220
Miami, FL 33130

Dear Mr. Mazzella:

I am in receipt of your draft report regarding the unlicensed electrical work that was performed by Union Electric Contractor, Inc./Leo Reloba at the Miami-Dade Police Department's Annex Building. I appreciate the opportunity to respond to your findings.

On April 19, 2006, ETSD contacted the Office of Capital Improvements (OCI) requesting access to the Miscellaneous Construction Contract CICC 7040-0/7 for the emergency grounding project required for the E-911 facility. Upon discovering that ETSD was not an authorized department eligible to oversee construction projects, OCI advised ETSD that GSA would have to be assigned as the agency responsible for overseeing the construction management. As such, on April 21, 2006, Mr. Raphael Sans on behalf of ETSD requested our assistance in accessing the contract.

After receiving approval of the insurance requirements from the Office of Capital Improvements, GSA issued the purchase order to Union Electrical, a registered County Vendor. Because *Union Electric* was not a registered vendor, it would not have been possible to issue a purchase order to them. As you noted, Ms. Ruth Castellanos questioned the discrepancy in names; however, Mr. Reloba misrepresented himself as the same company and she concluded it was a typographical error. She did not have any reason to second-guess him, as we have previously done business with Mr. Reloba as Union Electrical's representative. The notice to proceed was sent to Mr. Jose Ruiz, owner of Union Electrical. It should be noted that the first payment was sent to 2825 SW 79 CT, Miami, FL 33155, the address on record for Union Electrical, but was deposited into Union Electric's account (Attachment 1).

Although you noted that this project was jointly managed by GSA and ETSD staff, at ETSD's request, GSA's participation was limited to approval of the pay requisitions not to exceed 28 hours of staff time or \$2,000; therefore Mr. Vega's role in this project was limited to reviewing the work completed prior to approving the invoices submitted by the contractor for said work. This was an atypical project for GSA; Mr. Vega usually designs and manages projects. Because ETSD made it clear that that they would be managing the project, Mr. Vega did not get involved with the system design or plan process.

Because this appeared to be an offshoot of the 2002 project, Mr. Vega wrongly assumed that this 2006 project was appropriately permitted. When Mr. Vega discovered that this project had not been permitted, he advised Mr. Sans; Mr. Sans, however, responded that a permit was not required for this project. Since Mr. Sans is also an electrical engineer and the project manager, Mr. Vega did not believe it was necessary to second-guess his colleague.

Excellence Every Day

Christopher Mazzella, Inspector General
June 14, 2007
Page 2

As previously stated, although GSA performs construction/project management services for a variety of departments, the manner in which this project was handled was atypical. I have discussed this extensively with staff involved and have concluded that GSA should not have structured the project this way; on a go-forward basis, GSA will not manage any projects unless we have complete control of and responsibility for the project. In order to prevent similar situations from happening in the future, GSA has updated its checklist for each project (Attachment 2).

My staff is in the process of working with ETSD to correct the identified violation from the Building Department (#20070109285). A licensed electrical engineer and a licensed electrical contractor will review the work performed by Union Electric and plans and specifications will be prepared in accordance with the Florida Building Code. Once a permit has been issued, licensed GSA staff will complete the balance of the project.

Thank you again for allowing me an opportunity to respond to your report. Please contact me if you require any additional information.

Sincerely,



Wendi J. Norris
Director

Attachments

c: Roger M. Carlton, Assistant County Manager
Ian Yorty, Assistant County Manager

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2825 SW 79 CT
MIAMI FL 33155**

AMOUNT: \$21,472.18

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MIAMI-DADE COUNTY
Calvin
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Enterprise Technology Services Department
Office of the Director
5680 S.W. 87th Avenue
Miami, Florida 33173-1690
T 305-596-8200 F 305-596-8088

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- Solid Waste Management
- Strategic Business Management
 - Team Metro
 - Transit
- Urban Revitalization Task Force
- Vizcaya Museum and Gardens
- Water and Sewer

June 14, 2007

Mr. Christopher R. Mazzella
Inspector General
Office of the Inspector General
19 West Flagler Street, Suite 220
Miami, Florida 33173

Re: OIG Draft Report – IG06-82

Dear Mr. Mazzella:

As requested, attached please find the Enterprise Technology Services Department's response to the OIG Draft Report – IG06-82.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours truly,

Donald M. Fleming
Director

cc: Ian Yorty, Assistant County Manager
Roger M. Carlton, Assistant County Manager

Delivering Excellence Every Day

OIG Draft Report – IG06-82
June 14, 2007

ETSD Response to the Office of the Inspector General's Report on electrical work performed by Union Electric

In general, ETSD agrees with the Inspector General's conclusions that ETSD failed to perform proper due diligence in overseeing this project in not ensuring the proper permitting was obtained by the awarded contractor. It should be noted that this work was handled as an exception to ETSD's established, normal, Engineering and Design project and procurement process. This was done in an effort to expedite critical, required enhancements to the grounding for the 911 Center. Based on prior discussions between ETSD staff and the Building Department's Director, staff believed that grounding work not affecting or altering the "neutral" did not require issuance of a permit. This, coupled with the vendor's assertion that no permit was required and the lack of a specific Grounding section or sub-section in the permit application, led to the incorrect assumption by ETSD that a permit was not required for this work. Based on subsequent discussions with the Building Department it was determined that changes had occurred, now requiring permits to be obtained for grounding work and need to be included under the "General" category in the permit application.

ETSD, Engineering and Design Services area has utilized this event as a case study and has implemented procedural changes to ensure a re-occurrence does not occur. The following process changes have been implemented and communicated to all Engineering and Design Services staff:

- ESTD Engineering & Design section will request, written confirmation, (email is acceptable), from all contractors awarded a Purchase Order (PO) through the ETSD procurement process to show proof of all required permitting by Miami Dade County Building & Permitting Department prior to any work beginning.
- If there are any questions as to permitting, or the awarded contractor states NO PERMIT IS REQUIRED, ETSD Engineering & Design Services will contact the Building & Permitting Department to clarify any permitting questions and validate contractor assertions that no permit is required, prior to allowing any contractor to commence work.
- ETSD Engineering & Design Section already stipulates in all scopes of work that permitting of any work shall be the awarded contractor's responsibility. Engineering & Design Services will re-iterate this policy with all bidders and work with awarded contractors and Miami Dade Building & Permitting to ensure that all required permits are properly pulled and closed upon the successful completion of the work.