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**Office of the Inspector General
Miami-Dade County**

FINAL REPORT

To: George M. Burgess, County Manager

Charles Danger, Director
Miami-Dade Building Department

Received By

Date

From: Christopher Mazzella, Inspector General

Date: July 15, 2005

Re: Santa's Enchanted Forest / Building Department

The following report was issued as a "draft" on June 28, 2005, and provided to representatives of Santa's Enchanted Forest, Lightning Power Services Corporation, Electrical Plus Inc., and the Miami-Dade Building Department. Responses were received from Mr. Charles Danger, Director of the Building Department, and Mr. Steven Shechtman, President of Santa's Enchanted Forest. The two responses are attached as Appendix A and B, respectively.

This report is now being issued as "final" with no changes made.

As it relates to the recommendation on the last page of the report, the OIG requests an update in 90 days, on or before October 14, 2005, as to the status of the recoupment of the unpaid fees from previous years. It is suggested that Building Department officials contact Park and Recreation Department personnel and Santa's Enchanted Forest personnel to determine the number of rides installed for the years in question. Additionally, please contact the OIG should additional information be required in order to complete this assessment. This would expedite the assessment of the fee amounts and resolve payment of these past practices.

CC: Bill Johnson, Assistant County Manager
Alex Munoz, Assistant County Manger
Vivian Donnell-Rodriguez, Director, Park & Recreation Department

Copy filed with the Clerk of the Board.

I. SYNOPSIS

On November 9, 2004, the Office of the Inspector General (**OIG**) received a complaint against Santa's Enchanted Forest (**Santa's**) and Lightning Power Services Corporation (**Lightning Power**). The complainant, Rachel Armely, alleges Santa's, in conjunction with Lightning Power, fraudulently obtained an electrical permit, failed to pay the appropriate permit fees, and failed to obtain the required inspections necessary to operate Santa's.

Mrs. Armely's company, Electrical Plus, Inc. (**Electrical Plus**), was the electrical contractor for Santa's for the past ten (10) years. In previous years, Electrical Plus provided the electrical services to Santa's for an average of \$25,000 to \$40,000 annually. In 2004, Electrical Plus submitted a bid for services in the amount of \$57,000. Lightning Power executives stated they could provide the same services for \$25,000. Based upon this information and a friend's recommendation, Santa's hired Lightning Power as its electrical contractor for 2004.

The review conducted by the **OIG** revealed Santa's and Lightning Power did obtain the appropriate documents and inspections, however, failed to pay the appropriate fees. The **OIG** review revealed that Electrical Plus also failed to pay the appropriate fees and failed to obtain Certificates of Occupancy during its tenure as the electrical contractor for Santa's.

II. BACKGROUND

Santa's Enchanted Forest, Incorporated is an active Florida For Profit corporation, incorporated on July 17, 1984. Steven Shechtman is the Registered Agent and sole corporate officer for the corporation.

Electrical Plus, Inc. is an active Florida For Profit corporation, incorporated on May 3, 2004. Rachel Armely is the Registered Agent. Carlos Armely, Rachel Armely's husband, is a Registered Electrical Contractor, registration number ER0013107, Miami-Dade County license number 000019041. Mr. Carlos Armely is the owner, qualifier, and sole corporate officer for the corporation.

Lightning Power Services Corporation is an active Florida For Profit Corporation, incorporated on February 27, 2002. Raul Castro is the owner, Registered Agent, and President of the corporation. Juan M. Mendez is a Certified Electrical Contractor, license number EC0002546. Mr. Mendez is the qualifier for the corporation.

Santa's is an annual holiday event that is held at Tropical Park, located at 7900 Bird Road. Santa's operates a few months out of the year and rents the space from Tropical Park. Tropical Park is operated and maintained by the Miami-Dade County Parks and Recreation Department. As a lessee of the park, Santa's is required to follow the basic permitting procedures established by the Miami-Dade County Building Department.

III. THE OIG'S REVIEW

An OIG Special Agent spoke with the complainant, Rachel Armely, about her concerns with Santa's. Based upon this conversation, the OIG was able to categorize her concerns into five (5) areas:

- A) Who pulled the permits?
- B) Does the contractor and his employees have the appropriate experience and licenses?
- C) Were inspections performed?
- D) What fees were paid?
- E) Did the contractor obtain a Certificate of Occupancy?

During the course of this review, an OIG Special Agent reviewed Building Department permit records, payment transaction records, interviewed Santa's executives, and interviewed Building Department officials regarding the permitting, plans review, and inspection processes for temporary special events. The following is a summary of our findings.

A. Who Pulled The Permits?

Mrs. Armely stated that her husband would complete and sign electrical permit applications for the special event, then give them to Mr. Fred Molina, a Santa's executive, to take to the Building Department. Mr. Molina would then return with the electrical permit and never requested reimbursement from Electrical Plus for the permit fees.

An OIG Special Agent spoke with Mr. Molina, who stated that he has taken permit applications to the Building Department and submitted them for processing. Mr. Molina stated he has paid the permit fees on these occasions and did not request reimbursement of the fees from the contractor. Mr. Molina stated that he accepted this responsibility as a "cost of doing business" and making sure that he had the proper permit(s).

Building Department officials stated that what Mr. Molina did is a common practice within the industry called expediting. Individuals that submit permit applications on behalf of a contractor, developer, and/or a private citizen, are known as "runners" or "expeditors." Many of these runners are paid a fee for their services, and they are not required to have a license or registration number. Once the application is processed and approved, the runner can proceed to the cashier with the application process number and pay for the permit with a check (personal or business), money order, debit card, or credit card. In this case, Mr. Molina works for Mr. Shechtman, however, he acted as an expeditor by taking the electrical permit application to the Building Department on behalf of the contractor.

A review of the permit history for Santa's revealed permits were issued to Electrical Plus in 2003, 2002, 2000, 1999, 1996, and 1994. Building Department records revealed no evidence of permits for Santa's in 2001, 1998, 1997 and 1995. **(Exhibit 1)**

B. Does the Contractor and His Employees Have the Appropriate Experience and Licenses?

Mrs. Armely was concerned that Lightning Power did not have the proper state and/or county licenses and believes that Lightning's employees were not certified journeymen as required by the Building Code.

An OIG Special Agent spoke with Building Department officials regarding the need for a certified journeyman. Building Department officials stated that if the contractor is a Miami-Dade County licensed contractor, then he must have at least a Certified Journeyman on staff to perform the work. If the contractor is a state licensed contractor, then the person actually performing the work does not have to be licensed himself.

An OIG Special Agent spoke with Mr. Raul Castro (**Castro**), owner of Lightning Power. Mr. Castro stated that Lightning Power is a state licensed electrical company. Mr. Castro stated that his company has been in business for approximately two and a half years. Mr. Castro stated that Mr. Juan M. Mendez is the qualifier for the company. Mr. Castro stated he has two electricians assigned to Santa's – Vitali Cueto and Michele Abreo. Mr. Castro stated that both of these employees have about sixteen years of combined electrical experience, but they are not individually licensed. Mr. Castro stated that they work under the supervision of Mr. Mendez.

An inquiry into the Department of Business and Professional Regulation (**DBPR**) licensing database revealed Juan Mendez is a Certified Electrical Contractor, license number EC0002546. DBPR licensing records show Mr. Mendez as the qualifier for Lightning Power. (**Exhibit 2**)

Pursuant to Florida Statutes Chapter 489, Part II, any employee of a certificate holder authorized to engage in contracting, who is acting within the scope of the license held by the certificate holder, and with knowledge and permission of the license holder, is exempt from the provisions set forth in this part. According to officials at DBPR, the employees performing the work do not need a license as long as they are working under the supervision of the licensee. (**Exhibit 2**)

C. Were Inspections Performed?

On November 17, 2004, an OIG Special Agent spoke with the Building Department Director Charles Danger (**Director Danger**) and Electrical Inspection Section Supervisor Amado Diaz (**Supervisor Diaz**) regarding Santa's inspection history. Supervisor Diaz stated that an inspection supervisor is assigned to inspect special events because of the time required to perform the inspections. Since supervisors don't have assigned inspection routes, he/she can spend as much time as necessary to perform the inspections, without the pressure of being late for a scheduled inspection. Supervisor Diaz stated that with special events, the contractor can schedule inspections by telephone, by Internet, or by calling the inspector directly. Supervisor Diaz stated that a project the size of Santa's would require on average 7 to 10 inspections, with each inspection taking 1 to 2 hours per visit. Supervisor Diaz

stated several inspections are required because most of the time inspections are done as items are installed. The inspection supervisor assigned to Santa's is Electrical Inspector Supervisor Antonio Domingo (**Inspector Domingo**). Supervisor Diaz stated Inspector Domingo has inspected Santa's for the last 3 to 4 years.

Director Danger and Supervisor Diaz spoke with Inspector Domingo via Nextel Direct Connect. Supervisor Diaz asked Inspector Domingo why the system shows no inspections for Electrical Plus permit number 2004011553 and Lightning Power permit number 2005011037. Inspector Domingo stated he performed the inspections on both permits and believed he entered them into the system. Supervisor Diaz again advised Inspector Domingo that the system did not show a record of the inspections. Inspector Domingo stated he had been to the Santa's site 6 to 7 times and was certain that he entered the information into the database. On November 19, 2004, Inspector Domingo updated the database to reflect the final inspection for permit number 2005011037. (**Exhibit 3**)

D. What Fees Were Paid?

Mrs. Armely was concerned that Santa's and Lightning Power did not pay the appropriate fees outlined on the Miami-Dade County Building Department's Electrical Fee Sheet. According to Mrs. Armely, the fee sheet requires a fee of \$57.25 per ride. She stated Santa's has over 50 rides so the fee should be at least \$2,800.00.

According to the Electrical Fee Sheet, a Category 16 – Specialty Wiring (Special Events), is required to pay a fee of \$57.25 per ride or structure with electrical wiring. An OIG Special Agent reviewed the Electrical Fee Sheet submitted by Lightning Power and the fees paid for the permit (2005011037). The evidence revealed the fee paid was \$150.85. (**Exhibit 4**) This matter was brought to the attention of Director Danger. Director Danger stated that the fees are incorrect, and the fee schedule is something that should be addressed by the inspector once he arrives to perform the inspection. Director Danger says the information presented on the fee sheets are accepted on the "honor" system. The clerks are only required to enter the information that is written on the fee sheet. The plans reviewers generally don't review the fee sheet, just the plans. The last line of defense in ensuring that the applicant pays the appropriate fees is the inspector.

On November 18, 2004, Mr. Molina met with the OIG and Supervisor Diaz regarding the permit fees. Mr. Molina stated he completed the Electrical Fee Sheet. Mr. Molina stated he only wrote one (1) on the fee sheet because he has permanent electrical boxes installed at the park site that come from one main source. Supervisor Diaz explained to Mr. Molina that he must pay a fee for each ride, booth, or structure that requires electrical connections. Mr. Molina submitted documentation to Supervisor Diaz showing a total of 93 rides, booths, and structures that require electrical connections. This information was presented to Director Danger on the above noted date. Director Danger made an executive decision to assess fees on 43 of the 93 rides, minus the \$150.85 already paid, totaling \$2,371.85. These fees were paid on November 18, 2004. (**Exhibit 4**)

E. Did the Contractor Obtain a Certificate of Occupancy?

Once the appropriate fees are paid and all the inspections are passed, the contractor should obtain a Certificate of Occupancy (CO) in order to operate the special event. An inquiry into the Building Department records revealed that Santa's did not have a CO when it opened in 2004.

On November 17, 2004, Supervisor Diaz and Inspector Domingo, along with an OIG Special Agent, visited the site of Santa's Enchanted Forest to perform an unscheduled electrical inspection. Supervisor Diaz and Inspector Domingo performed an on-site electrical inspection and documented minor corrections that were required. Inspector Diaz issued Santa's a Notice of Violation (**NOV**) for operating without a Certificate of Occupancy (**CO**). The NOV advised Santa's that they had five (5) business days to obtain a CO. On November 24, 2004, Certificate of Occupancy number 2005016851 was issued to Lightning Power for Santa's. (**Exhibit 5**)

A review of the CO history for Santa's revealed COs were issued to Santa's in 1985, 1986, 1997, and 1998. Building Department records revealed no evidence of COs for Santa's in 2003, 2002, 2001, 1999, 1996, 1995, and 1994. (**Exhibit 6**)

IV. GIFTS TO COUNTY EMPLOYEES

As an antecedent matter to this review, the Special Agent assigned to this case received a gift stemming from the OIG's review of the complaint.

On December 1, 2004, an OIG Special Agent received a gift from Mr. Steven Shechtman (**Shechtman**), President of Santa's. (**Exhibit 7**) The package was delivered by Fed-Ex from a company called Harry and David and contained the following message:

MRS. WILLIAMS, WE ARE VERY THANKFUL FOR YOUR HELP. HOPE YOUR FAMILY HAS A WONDERFUL HOLIDAY. STEVEN SHECHTMAN PRES

On the above-noted date, the OIG documented the package contents and the Deputy Inspector General contacted Mr. Shechtman. Mr. Shechtman was advised that sending gifts to any employee of the OIG or the County is a violation of the County's gift ordinance. According to Mr. Shechtman, he was not aware that sending gifts to County employees was illegal and he stated that this is something that he does all the time.

Based upon Mr. Shechtman's statement, the OIG subpoenaed Santa's business records, including any and all information regarding gifts provided to County employees. A review of these records revealed several hundred Santa's tickets given to officials for charity dispersal; however no other evidence of gifts were revealed. Additionally, Mr. Shechtman provided a written statement to the OIG again expressing his apology "for his transgression."

On January 24, 2005, the OIG destroyed the package and its content.

V. CONCLUSION & RECOMMENDATIONS

During the course of this review, it was discovered that the permit fee errors occurring with Santa's were a combination of procedural issues with the Building Department and a lack of knowledge or misinformation on behalf of Santa's. It is recommended that the Building Department follow-up on recouping unpaid fees for the years where no COs were obtained (2003, 2002, 2001, 1999, 1996, 1995, and 1994), for the years where no electrical permits were pulled (2001, 1998, 1997 and 1995) and for the years where the incorrect amount was paid given the actual number of rides installed. It is further recommended that future COs are not issued until all unpaid fees are fully paid.

In regards to the 2004 event, Santa's has taken all of the necessary steps to operate the park within the rules and regulations specified by Miami-Dade County and the South Florida/Florida Building Code. Based upon this information, no further investigation is necessary at this time.

Posted on the OIG website without exhibits. Please contact the OIG directly at 305-375-1946 for the exhibits to this report.