



WHAT PLACE DOES A DISOLVED CONTRACTOR BUSINESS HAVE IN DICTATING WHAT CONTRACTOR WILL TAKE OVER PRIOR PROJECTS?

Here is a section of the consent agenda voted on at the last SKSD Board meeting held on July 19, 2023.

**Action (Consent), Information
Recommended Action**

Approval of transition from BLRB Architects to Henson Architecture

BACKGROUND INFORMATION

<https://youtu.be/UudCoL60kbs> Superintendent explaining to the board why the newly assign former employee of BLRB is fine to take over BLRB's former projects.

In June 2022, SKSD awarded BLRB Architects the contract for the SKHS Culinary Arts renovation project. This contract included Design Development, Construction Documents, Bidding/Negotiation, Construction Administration, and Closeout/Warranty

SKSD was notified on June 15, 2023 that BLRB is dissolving their corporation as of June 30, 2023. At this time the following phases have been completed:

BLRB's Closure Notification included a Transition/Continuity Plan, Design Development, Construction Documents, Bidding/Negotiation which stated: *to ensure continuity, you may terminate BLRB's contract and contract with another architect, or BLRB will consent to an assignment of the agreement to another firm willing to accept the assignment.* Jay Henson II, former BLRB's Senior Associate and SKSD's contact at BLRB, has started the firm Henson Architects. Henson Architects offered a proposal to continue the remaining portions of the project: Construction Administration, Closeout/Warranty.



Consider that SKSD knew that BLRB was folding up its tent back in June, but we were only notified of this major change at the July 19th school board meeting. And while Mr. Henson may be a swell guy, he only has five years of experience as an architect. In searching State of Washington Department of Licensing I could not find Mr. Henson's new business listed. A business location he does list is at his Port Orchard Home. Looks like a very last minute arrangement between BLRB, SKSD, and Mr. Henson.

For the record: SKSD Superintendent Winter shared that the District needed to do nothing more but vote to accept this new contractor. No vetting, no background checks, no new contracts to be let, nothing. Just business as usual for SKSD since BLRB had this young man working for them in the past. So there was no review of this new contractors' capacity to manage the prior contracts formerly held by BLRB.

This decision to just let all of the current (and we can presume future work and contracts) work slide directly over to Mr. Henson seems patently wrong. Case in point demonstrated by a recent audit decision finding against a junior taxing district in Kitsap County.

Washington State Auditor's Office recently 'dinged' The Port of Illahee for its failings along similar lines of contractor and contractual management practices lacking appropriate oversights. This was published in the Kitsap Daily newspaper in the July 27, 2023 story titled: *"State audits show Kitsap lacked controls on COVID funds"*. Here is section/excerpt of what appeared in the Kitsap Daily regarding how Port of Illahee ran afoul of Washington SAO. Note compliance with public works projects; compliance with contract terms; purchasing exemptions and professional services.

Port of Illahee

The state auditor's reports say based on its risk assessment for the three previous years, the areas examined were those representing the highest risk of fraud, loss, abuse or noncompliance.

They examined: Open public meetings – compliance with minutes, meetings and executive session requirements; Procurement – public works, purchases, cooperative purchases, joint purchasing agreements, purchasing exemptions and professional services; Compliance with public work projects – prevailing wages; Annual report filing – timeliness, completeness and accuracy; Tenant leases – compliance with contract terms; Accounts payable – general disbursements and credit card activity; and Financial condition – reviewing for indications of financial distress.

All this is fine and good. Mr. Henson is an architect which records reflect has five years of experience. It's unsure if he has acquired the necessary credentials and experience to take over all former projects and duties once held by BLRB. His new firm, more like a "pop up firm" in Port Orchard is not yet listed with Washington State

Is this how we want our tax dollars managed by SKSD on current and future public works and facilities projects? Does this seem normal and customary as far as appropriate business practices for SKSD or others letting millions of dollars of contracts out without new bids, review of contractor credentials or history and time of working in their professions? I am lead to believe that Mr. Henson may not yet be fully qualified to take over the prior duties and tasks of BLRB.

Here is the notice given to Mr. Winter dated June 15, 2023 sent by BLRB that they were no longer in business:

June 15, 2023

South Kitsap School District

Attention: Tim Winter

2689 Hoover Ave SE

Port Orchard, WA 98366

RE: BLRB Closure Notification and Next Steps – South Kitsap HS Culinary Arts Upgrades

Dear Mr. Winter:

We need to inform you of some difficult and unfortunate news regarding BLRB. Late last month, the BLRB Board of Directors approved a resolution to dissolve the Corporation. Thus, BLRB's last day of operations is June 30, 2023.

Our staff is committed to serving your project until that date and will assist with transferring your project information for continuation of the project after our closure date. The following is a summary of the next steps and process for your understanding.

- 1. Transition/Continuity Plan:** To ensure continuity, you may terminate BLRB's contract and contract with another architect, or BLRB will consent to an assignment of the agreement to another firm willing to accept the assignment.
- 2. Final Invoice and Payment:** Final invoices for work completed through June 30th will be sent to your company on the normal billing cycle for your project. Payments for all outstanding invoices may be sent to the office address as usual. We have confirmed progress and billings with our consultant team.

3. Business Wind Down: BLRB will continue to wind down over the next few months in a “business wind down” approach with a small management crew and Dissolution Board to receive payment, pay outstanding creditors, perform closeout activities and wind down operations.

4. Formal Notification: A formal notification will be sent out June 30th, 2023, to comply with business closure and notification requirements. Thank you for your understanding and patience with this process. We apologize for any inconvenience this may cause you.

Respectfully,
Jay C Henson II [\(360\) 874-7650](tel:(360)874-7650)

10281 Horizon Ln, Port Orchard, WA 98367

Here is the prior place of business of Mr. Henson:

Tacoma

1201 Pacific Avenue, Suite 400
Tacoma, WA, 98402
p | [253.627.5599](tel:253.627.5599)

Here is Mr. Henson's Resume & CV

Jay Henson Resumes and CV

Resumes

Associate

Location:

Port Orchard, WA

Work history:

[Blrb Architects](#)

Jay Henson - Associate

Location: Port Orchard, WA

Industry: Architecture & Planning

Work history:

[Blrb Architects](#) Associate

[Blrb Architects](#) Architect *Apr 2018 - Dec 2018*

[Blrb Architects](#) Intern Architect *May 2016 - Apr 2018*

[Washington State University](#) Design Communication Ii Teaching Assistant *Jan 2016 - May 2016*

[Washington State University](#) Digital Analysis and Representation Teaching Assistant *Aug 2015 - Dec 2015*

[Pickard Construction](#) General Laborer *May 2011 - Aug 2014*

Education:

Washington State University Masters, Architecture 2015 - 2016

Washington State University Bachelors, Bachelor of Science 2011 - 2015

Olympic College Associates, Associate of Arts, General Studies 2010 - 2011

Skills:

Revit, Autocad, Sketchup, Rhino 3D, Microsoft Office, Grasshopper, Adobe Creative Suite, Adobe Photoshop, Microsoft Word, PowerPoint

Languages: English

Certifications: Leed Green Associate

Leed Ap Bd+C

Ncarb License Vdy4Fp2Wdn6I

License M893V2Dj6Nf3

So the question still remains unanswered: Has SKSD Superintendent and the SKSD Board of Directors performed their required due diligence in changing (handing over) the contracts formerly held by now defunct BLRB?

What follows is the story regarding how government entities in Kitsap incurred some 'audit concerns documented by Washington SAO.



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NEWS

State audits show Kitsap lacked controls on COVID funds

By [Steven Powell](#) • July 27, 2023 1:30 am

In the most recent audits of government entities in Kitsap County, the state auditor's office came up with a number of findings.

Many had to deal with not following required procedures regarding federal COVID funds. In each case, the districts said they were unaware of the requirements.

The North Kitsap School District received the harshest response.

Bainbridge Island

The finding for the school district was in regard to Education Stabilization Funds. The audit says in 2022 the district spent \$281,272 in American Rescue Plan monies.

"Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements," the audit says.

It goes on to say, "The district's internal controls were ineffective for ensuring it supported all salaries and benefits charged to the ESF program with appropriate time-and-effort documentation...The district could not provide time-and-effort documentation for eight employees who worked part-time in the ESF program. The employees were food service workers paid with funds through both ESF and another federal program."

The audit says district officials did not know about the requirement. As a result of the error, it did not obtain time-and-effort documentation for eight employees whose payroll and benefits costs totaling \$113,505 were charged to the ESF program. However, the district supported the payroll costs by providing alternative documentation, so the audit is not questioning the costs.

However, auditors recommend the district design internal controls to ensure employees complete documentation to support payroll costs charged to federal programs. The district responded that it would do that.

North Kitsap

The Emergency Connectivity Fund Program provides funding to meet the needs of students and school staff who would otherwise lack access to connected devices and broadband connections sufficient to engage in remote learning. In 2022, the North Kitsap School District spent \$603,124 in ECF funds to purchase laptops and Wi-Fi hotspots for students.

Federal regulations require recipients to establish internal controls that ensure compliance with program requirements. The controls include understanding grant requirements and monitoring the effectiveness of established controls. ECF recipients must only seek reimbursement for the eligible devices and services provided to students and staff with unmet needs. Recipients are prohibited from receiving reimbursement for eligible equipment and services purchased for use solely at the school or held for future use (i.e., warehousing).

The audit found the district's internal controls were ineffective in ensuring it requested reimbursement only for eligible equipment. The district purchased laptops based on its assessment of unmet needs, and it requested reimbursement totaling \$587,119. District employees were familiar with its requirements, including that funds could not be used to purchase laptops solely for use at school or held for future use.

The NKSD intentionally purchased fewer laptops with ECF Program funds than the number of students with unmet needs and purchased additional laptops with non-federal funds that were intended to be used in classrooms or stored as backups to meet additional needs as they arose.

However, once purchased, the district pooled the laptops from both funding sources together and did not provide each laptop purchased with ECF funds to a student with unmet need before distributing the other laptops. In the district's response, it said it misunderstood the requirements. As a result of the error, 236 ECF-funded laptops, which totaled \$87,696, were not distributed to students with unmet needs. "As a result, we are questioning these costs."

“We recommend the district work with the granting agency to determine audit resolution. We further recommend the district establish and follow internal controls to ensure staff fully understand the requirements for ECF awards,” the audit says.

Central Kitsap

The Central Kitsap School District receives federal Impact Aid funding from the U.S. Department of Education and the Department of Defense. Funds from different agencies are required to be reported under two Assistance Listing Numbers (ALN). But the district accounts for the funding received from both agencies in the same revenue account in its accounting system.

Additionally, district staff did not have adequate internal controls to ensure all COVID funding included the proper designator. “We consider these deficiencies in internal controls over accounting and financial reporting to be a significant deficiency,” the audit says.

The district reported over \$1.2 million in DOD Impact Aid funding under the incorrect ALN. Inaccurate reporting of federal expenditures affected selection of major programs for audit. That required state auditors to conduct additional work to ensure compliance. Additionally, the district did not include the COVID designator in front of four federally funded programs containing COVID funding. That can lead to audit delays beyond the federal reporting deadline, cause additional costs and jeopardize future federal funding.

Auditors recommend the district strengthen its internal controls, and the district agreed with the finding and made corrections.

Port of Illahee

The state auditor’s reports say based on its risk assessment for the three previous years, the areas examined were those representing the highest risk of fraud, loss, abuse or noncompliance.

They examined: Open public meetings – compliance with minutes, meetings and executive session requirements; Procurement – public works, purchases, cooperative purchases, joint purchasing agreements, purchasing exemptions and professional services; Compliance with public work projects – prevailing wages; Annual report filing – timeliness, completeness and accuracy; Tenant leases – compliance with contract terms; Accounts payable – general disbursements and credit card activity; and Financial condition – reviewing for indications of financial distress.

The port is undergoing a multi-year dock and waterfront renovation project with total costs expected to exceed \$2 million. The port contracted architectural and engineering services without engaging in the required competitive, qualifications-based selection process, and it issued related payments of about \$198,000 during the audit period.

The port also engaged in public works projects with capital expenditures totaling \$239,000 between 2020 and 2021; however, it disbursed funds without requiring vendors to complete the required prevailing wage intents for the projects. The port relies on another government's small works roster but does not have an interlocal agreement established, as required by state law.

Port management and staff said they were not aware of the state laws.

The audit says procurement laws are intended to promote openness in government and prevent fraud, collusion and favoritism when awarding public contracts.

“Because the port did not comply with procurement requirements for architectural and engineering services, it cannot be sure all interested firms had the opportunity to apply and that the most qualified firm performed the services.” Since the port does not have certification that all vendors meet requirements, it exposes itself to risk if disputes are filed.

Auditors recommend the port: Establishes internal controls over procurement; Ensures all required vendors have filed prevailing wage documentation before making payments; and Establishes an interlocal agreement to rely on the Port of Silverdale's small works roster.