

Schools paying millions too much for new roofs

Jill Tucker, Chronicle Staff Writer

San Francisco Chronicle July 23, 2010 04:00 AM

Friday, July 23, 2010

Claire Lilienthal Elementary School's campus on Divisadero Street in San Francisco is getting a new \$135,150 roof manufactured by the Garland Co. Inc.

California public school districts are spending too much annually to replace or repair hundreds of school roofs by employing a practice that restricts cost-saving competitive bidding and makes taxpayers pay up to double what they otherwise would spend, an investigation has found.

Statewide, the practice costs school districts \$30 million to \$125 million extra each year, taxpayer money that shouldn't be wasted at any time, but especially not in the middle of a recession, said California legislators who are investigating the practice.

In San Francisco, for example, the district will spend \$60,000 more than it perhaps should this summer on a new elementary school roof because the bidding process limited competition by specifying a precise kind of roof sold by a particular manufacturer.

While that job is locked in place, the district over the last couple of years has amended its procedures to include more open bidding processes. Another roofing project this summer that was bid under the new system is costing the district about half as much.

But the kind of noncompetitive bidding that led to the expensive roof in San Francisco is in play at school districts across the Bay Area and state. It is the product of aggressive marketing techniques by roofing manufacturers, a tendency of districts to stick with manufacturers hired by previous administrations and a convenient reliance by district officials on the manufacturers to write project specifications, the legislative inquiry found.

"The more we dug into it the more we saw how prevalent it was," said Assemblyman Hector De La Torre, D-South Gate (Los Angeles County), chairman of the Assembly Accountability and Administrative Review Committee, which conducted the investigation. "It's completely widespread."

Scant enforcement

State law requires competitive bidding in public projects, including schools, but there's little enforcement, industry experts said.

"I'd love to turn in all of these people," said Don Lambrecht, a roofing manufacturer representative, during testimony June 30 before the Assembly committee. "Who in the world is responsible for monitoring this?"

The answer, apparently, is no one.

State law allows public agencies to specify a particular brand name product, but also must include an “or equal” clause that allows alternative manufacturers to be considered. The noncompetitive bids get around that clause by listing product requirements that are so specific that no other manufacturer could qualify.

De La Torre, whose committee began the investigation after being tipped off by a whistle-blower, called it a “systemic breach of trust,” saying he wants a fix that will survive the constant churn of district facility administrators and legislators.

Solutions could include a whistle-blower hot line to report noncompetitive bidding.

Garland’s lobbyist

With the Legislature bearing down on the practice, one company allegedly participating in proprietary bidding, the Garland Co. Inc., hired a prominent Sacramento lobbying firm a week ago, according to a filing in the secretary of state’s office.

Company officials did not return calls for comment.

For years, San Francisco schools used Garland, which manufactures a top-of-the-line roofing system. Like many other districts, San Francisco included an “or equal” clause when it sought bids, but incorporated product specifications that were so precise that only Garland could compete.

District architects finally questioned the practice and a more open bidding practice was put into place. That cut the cost of one new roof nearly in half.

This summer, a \$135,150 Garland roof at Claire Lilienthal’s Divisadero campus, a holdover from the noncompetitive bidding process, is costing the district \$15 for each of the 9,014 square feet. Under the open bidding system, Independent High School is getting a \$142,696 roof at \$8 for each of the 17,837 square feet.

“We always thought that we got great service from Garland,” said Chief Facilities Officer David Goldin.

He said Garland was chosen by a previous administration, but as time went by and staff turned over, no one could remember why the firm was chosen in the first place.

“You reach a point when you one day realize it’s time to rethink the decisions,” Goldin said.

Several factors

State officials don’t believe kickbacks or other misconduct are part of the problem. The noncompetitive bidding is more a result of taking the path of least resistance.

Sales representatives with whom districts have a prior business relationship often volunteer to write bid specifications, thus saving time and money for district officials who would otherwise have to hire an architect to do it.

“That convenience is costing them money,” De La Torre said. “In light of the budget situation we’re in, we’re talking about waste.”

Local school officials said they hoped the Legislature would be thoughtful as it moves forward with potential legislation, allowing flexibility and local control.

In West Contra Costa Unified, for example, a recent roofing project at Richmond High School went out to bid specifically requiring Garland roofing projects.

It appeared to be a clear case of proprietary bidding.

Yet district officials said the re-roofing was part of a project for new heating and ventilation, requiring workers to cut through the existing Garland roof. Another manufacturer's products would have invalidated the warranty.

"We look at the best business decision," said Bill Fay, associate superintendent of operations at West Contra Costa Unified. "There is no upside for me to cut into a roofing system and not have a service warranty contract in case that system fails."

In San Francisco, Goldin said there needs to be a balancing act between cost efficiency and competitive bidding. For example, he said, districts don't want a variety of toilet paper holders in schools, depending on what's on sale one week to the next.

"You can't stock 53 brands of toilet paper to fit in multiple holders," he said. "When it comes to roofing, we've decided one size doesn't fit all."

This article appeared on page **A - 1** of the San Francisco Chronicle