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## Questions raised over district's awarding of work contract

# REPAIR COSTS HIT THE ROOF



ORVILLE MYERS/The Herald

Angel Hernandez repairs a roof at Seaside High School. Representatives of the Monterey Peninsula Unified School District apparently talked to only one manufacturer of roofing systems and ignored lower-price competitors.

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The cash-strapped Monterey Peninsula Unified School District may be paying millions of dollars too much to re-roof school buildings by using top-of-the-line materials and failing to shop around.

It will cost \$6 million to buy high-grade materials for a \$12 million roofing job over the coming year, district officials say. That could be as much as twice the amount it would pay for good roofs, according to calculations by local contractors.

District officials say the expensive roofs will be a bargain in the long run. But they can provide little if any documentation to prove it.

In a decision made a year

and a half ago, the district appears to have eschewed the common practice of setting a generic standard for materials and then buying them through competitive bidding.

Instead, district representatives apparently talked to only one manufacturer of roofing systems, the high-end Garland Co. of Ohio, and ignored lower-priced competitors. With Garland as the district standard, roofing contractors carry out the bulk of their work using only the Garland system.

Such expensive "sole source" purchasing processes have provoked controversy within school districts and other public agencies across the country. And the November 2001 decision to go with Garland came as

the district was beginning to grapple with a \$7.3 million deficit and was gearing up a campaign for an ultimately unsuccessful \$158 million school bond.

"I don't understand why anyone would choose to spend money on a Cadillac when Oldsmobile does just as fine," school board member Rob Eggers said recently after learning of the potential price difference. "Kids don't learn on a roof. They learn in classrooms."

### Aggressive marketing

No one has disputed Garland's quality and service record. The Cleveland-based company is a producer of high-end roofing systems and is

known for its soup-to-nuts service.

It's also one of several large roofing companies known for its aggressive marketing. Garland gets its foot in the door of school districts and other potential customers by offering to assess their roofing needs at no cost. Then, once it is hired, it works with architects to design a roofing plan, supplies all the materials, helps select roofing contractors, monitors their work and offers periodic inspections through the life of the warranty.

Officials tied to the MPUSD project say Garland's all-in-one service contract, quality

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# Roofing

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materials and warranty, and its connection to a state-sponsored bulk-buying program save the district money in the long run.

Garland representative Tom Chapman said that with routine inspections and maintenance, MPUSD will have solid roofs for the next 30 years. Using a variety of brands instead would create "a long-term maintenance headache."

Whether the district made a cost-effective choice remains an open question, though. That's because MPUSD and its construction manager, 3D/International, could supply The Herald with only scant documentation on the project.

The district apparently has no records showing that anyone did any thorough price comparisons or performed any cost-benefit analysis. And competing companies the district claims it contacted say they never were notified of the project.

That concerned taxpayer advocate Rick Heuer, whose campaign helped shoot down the \$158 million bond last year. Since then, Heuer has served on several district committees, including the facilities action team.

"Anyone doing work of this magnitude using public money should be able to document how it reached its decisions," Heuer said. "There is no financial analysis."

Heuer called for an oversight committee similar to the one required for most projects financed by bond money.

The Garland selection, Heuer said, "is typical of what you get with no oversight."

## History

The roofing project dates to late spring of 2001, when the

district's advisory team — construction manager 3D/International and several architects — was looking for companies to put new roofs on buildings at many of the district's aging campuses.

Because of the bond's failure, MPUSD eventually qualified for about \$50 million in emergency state renovation funds, some of which is being used for the roofing work. Eighteen schools are being re-roofed between now and next May, Chapman said.

Garland had already supplied products for some of MPUSD's roofs and had performed two roofing assessments in the previous five years.

"Obviously, this in-depth knowledge put Garland as the district's roofing expert," district architectural consultant Don Spencer wrote in a recent memo responding to a reporter's questions about the roofing project.

At a June 2001 meeting in San Francisco, MPUSD facilities manager Ray Bickel, along with district architects and a 3D/I representative, chose Garland's assessment as the official set of roofing specifications, according to minutes of the meeting.

What happened after that is unclear.

Most of the people involved in the selection have moved on to other jobs. Bickel went to work for 3D/I in September 2001, two weeks after MPUSD hired the company as its construction manager.

The new facilities planner, Colette Marie McLaughlin, has been on the job only a couple of weeks.

In response to The Herald's request for documentation on the project, the district has offered a hodgepodge of meeting minutes, Garland cost breakdowns and anecdotal reports drafted this month. Those documents and minutes offer conflicting details and names.

In August 2001, according to 3D/I's minutes of a design meeting, the district asked a

consultant to offer a comparison of estimates from three roofing companies — Johns Manville and the more expensive companies of Garland and W.P. Hickman.

On Sept. 5, the consultant gave two estimates: Garland at \$6.50 a square foot for a roof with a 30-year warranty, and Hickman at \$4.90 a square foot for a 20-year roof, according to minutes from a similar meeting.

Manville was not mentioned. And exactly what was included in the estimates is not in the document.

But 3D/I project manager Randy Coombes gave a different account in a recent memo. He said 3D/I invited Hickman and a different company — Tremco — in September to present their products. The memo didn't mention Manville.

Hickman gave a five-minute presentation, Coombes said, and Garland gave a half-hour PowerPoint talk.

## Companies locked out?

But representatives of Hickman, Tremco and Manville say they were never invited to provide information to the district.

W.P. Hickman spokesman Mark Horvath said a Hickman sales representative, Tony Waskey, "invited himself" to an MPUSD presentation only to be told later that Hickman had been disqualified because is not a part of the state's discount buying program.

Tremco spokesman Carl Zeitz said the Ohio-based company recently learned about the MPUSD project through "industry scuttlebutt," and was too late to bid on the projects.

Despite repeated requests, neither MPUSD nor 3D/I has been able to produce documentation showing that anyone other than Garland was invited to make presentations.

The district has, however, offered inaccurate information in explaining why Manville and

Tremco were not used.

Newly hired McLaughlin said her colleagues informed her Manville's name no longer appeared in district documents because it is affiliated with Tremco and is considered the same company.

But Tremco spokesman Zeitz said the two companies are competitors and have no connection. Johns Manville is owned by the giant Berkshire Hathaway conglomerate, while Tremco is a subsidiary of RPM Inc.

McLaughlin also said she was told Tremco had been disqualified because it was not a member of the state's discount bulk-buying program, known as the California Multiple Award Schedule, or CMAS.

In fact, Tremco has been a CMAS member since April 1999, a CMAS spokesman said.

In any case, according to an agenda for a Nov. 5, 2001, board meeting, trustees met to approve Garland as the district standard for roofing materials.

They approved "specifying (Garland Co. roofing materials) by name in the modernization construction documents."

A Nov. 2 district memo suggested that the documents "specifically describe the roofing material in such a way as to limit choice of roofing materials to those produced by the Garland Co. alone."

On Friday, McLaughlin said other materials can be used on small sections of the roofs, but could not say how much of the modernization project that represented.

MPUSD trustees Eggers, Marjorie Troutman and Dan Villa were on the board when it approved Garland as the official roofing supply manufacturer. They said they can't remember the discussions leading to that decision, and Troutman could not recall whether they were presented with any financial analysis.

Villa said, "Generally, a board does not get involved in how bidding took place. You just go with what the staff recommends."

Bob Infelise, superintendent at the time, said he can't remember details behind the selection.

### Sole source

Using a company as a one-stop roofing source makes things convenient for facilities officials, especially those who are working on dozens of roofs and multiple campuses. Locally, two South County school districts use Garland as their primary roofing material, Garland's Chapman said.

MPUSD can save "big-time money" by purchasing products directly from Garland, said Bickel, the former MPUSD facilities manager. Its CMAS discount contract cuts 15 percent to 20 percent off the price of Garland

materials, Bickel said. And cutting individual roofing contractors out of the materials-buying process can save an additional 10 percent to 15 percent in markup, he said.

Plus, Garland offers a 30-year warranty with free inspections — among the longest guarantees in the business. Garland products "are known as the industry standard," Bickel said. "They exceed all the national standards for roofing materials."

MPUSD finance chief Jim Burnis, who was not employed by MPUSD when Garland was selected, said, "There will always be someone who says he can do it for a nickel less. But you get what you pay for."

Officials at two other local districts, however, haven't followed such reasoning. They say they use a variety of brand names, because competitive bidding keeps the price down. And they say they prefer to use their own consultants to design roofing projects — consultants who are not also suppliers.

Using only one producer "unfortunately doesn't give you a really competitive price," said Robin Blakley, assistant superintendent of the Pacific Grove Unified School District.

Garland conducted a 1999 roofing study for Pacific Grove Unified "in the hope that we'd use their product," Blakley said. He said the study was "very well done," and the district ended up using Garland on one small project.

But Blakley said Pacific Grove still puts projects out to competitive bid, and said he prefers to get roofing advice from architects and engineers.

Salinas Union High School District business chief Jim Earhart said the district doesn't sole-source. "I don't care for it," he said. "Our experience with competitive bidding is we've done pretty well."

He and Blakley said they see the need for a districtwide standard in items such as locks and alarm systems. But having different types of roofs on various buildings "is not a huge issue," said Bill Sawyer, manager of buildings and grounds at Salinas Union High.

District officials and contractors also questioned the need for 30-year warranties, especially when warranties often require regular maintenance to remain valid. Blakley of Pacific Grove said he wondered whether anyone in the district would be around to remember details of the warranty 25 years from now.

### Inexpensive options?

Garland, Tremco and W.P. Hickman all have been criticized elsewhere for similar hardball marketing tactics and potential conflicts of interest.

In a series of articles earlier this year, the Albuquerque

Journal reported that state Auditor Domingo Martinez and the Associated General Contractors of New Mexico believed lack of competition caused the Albuquerque Public Schools to pay 40 percent more for Garland roofs than for other brands.

In a 1996 Dayton Daily News article, a Wright State University official described how he saved 14 percent to 70 percent by excluding both Garland and Tremco and using an independent consultant to write specifications.

New Jersey public officials concluded in 2000 that Tremco and other manufacturers inflated bids by influencing roofing design specifications.

MPUSD's advisory team apparently never interviewed midpriced roofing material manufacturers such as Manville, CertainTeed and Conglas. Companies such as those offer good products with 20- to 30-year warranties, and some of the same services as the Cadillac brands such as Garland and Tremco, according to roofing contractors and facilities officials from other districts.

Marina roofing contractor Pete Scudder, who has used a range of products including Garland and Tremco, said Garland materials often cost twice as much as competing products.

In one municipal parks project in 2001, Scudder said, he installed a Garland system with a 30-year warranty for \$13 per square foot.

A Duro-Last system with a 20-year warranty would have cost \$6 a square foot, he said, while a simpler tar-and-gravel Manville roof with a 20-year warranty would have cost \$3.50 a square foot.

Garland "is a good product, but I don't know if it's worth a school spending the funds to put that on," Scudder said. "With the budget crisis, this definitely has got to be an issue."

Jeff Premo, general manager of Williams Roofing in Castroville, agreed.

"Garland is a great system," he said. "But the fact is, we can put on a cheaper roof and have a good warranty ... at close to half the price."

Garland's Chapman countered: "For someone to make a blanket statement that they can do it for half the price — well, it's easy to say something, and harder to do. We're doing this with an eye that the roof will last for 30 years."

Heuer suggested the community will never know who is right because of the "sloppy" way MPUSD officials handled the roofing project.

"Shouldn't the board have been made aware of (price differences)?" he asked. The choice of Garland "is another 'Trust me — this is the way to go.'"

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