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On The Money: Roofing Repair Ripoff

School Districts May be Overpaying Hundreds of Millions of Dollars



Reporting
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SACRAMENTO (CBS13) — California has some ten thousand schools in grades K – 12 and many are **paying up to double the cost of a normal roofing repair**, according to expert witnesses who testified today at the State Capitol.

It is a practice that is so widespread across California that one lawmaker, Tom Berryhill, an Assemblyman from Modesto, called it – a license to steal.

"It just seems criminal," added Audra Strickland, a Republican Assemblywoman from Camarillo.

Lawmakers were shocked to learn how thousands of schools across the state are overpaying for roofing repairs. The scheme involves something known as bid rigging - in which contractors are forced to use high priced roofing products made by well-connected manufacturers – in order to get the job.

"The bottom line is sales reps are writing specifications," said Bryan Schalesky, an expert witness from Skyline Engineering in Salinas.

Industry experts testified today how consultants and manufacturers are **conspiring to line their own pockets at taxpayer expense** – by writing up contracts that call for a specific product made by just a single company – at an inflated price.

"School districts are **overpaying by 60 to 100%** on these roofing projects," said Assemblyman Hector De La Torre, who chairs the Committee on Accountability and Administrative Review.

De La Torre told CBS 13 that potentially hundreds of millions of dollars - that could be used to help schools - are instead being wasted on overcharges.

"It's a real problem when we can't employ teachers because we're throwing money away on roofs," said Greg Malarkey of Malarkey Roofing Products in South Gate.

But for legitimate players, there is currently nowhere to complain – no opportunity to blow the whistle on **fraud**.

"I'd love to turn in all of these people. Who do I turn them in to?" asked Don Lambrecht, a roofing expert from Rocklin.

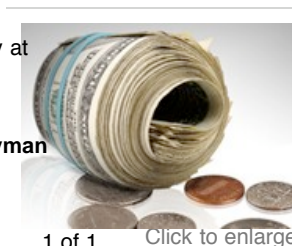
California currently has no hotline number to report bid rigging – but lawmakers today said they want to move quickly to reform the system.

"We have a tendency in the legislature to find out about a problem and then study it to death before we do anything," said Assemblywoman Alyson Huber. The Lodi Democrat added, "I just don't think we have any time to waste."

Lawmakers are now moving to set up a hotline number to report bid rigging. They also want to require multiple bids on roofing contracts to encourage competition – **which would save school districts – and taxpayers – millions of dollars.**

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