

July 31, 2007

Hon. Joel I. Klein
Chancellor
New York City Public Schools
Department of Education
52 Chambers Street, Room 314
New York, NY 10007

Re: DSF Library/Resource Room
Timothy George
SCI Case #2007-1305

Dear Chancellor Klein:

An investigation conducted by this office has found that Timothy George, a Regional Facilities Manager for the Department of Education (“DOE”) Division of School Facilities (“DSF”), used the budget code associated with DSF Operations Center 6 – Manhattan, Region 9 and 10 – on work orders relating to the construction of a library/resource room at the DSF central building located at 44-36 Vernon Boulevard in Long Island City, in order to facilitate the start date of the project.¹

This investigation began on March 26, 2007, when DOE Carpenter Foreman John Halpin contacted the office of the Special Commissioner of Investigation (“SCI”) and reported misconduct associated with the construction of “a luxurious library” for the DSF at 44-36 Vernon Boulevard in Long Island City.

In an interview with SCI investigators, Halpin admitted that he was facing charges of time abuse at the Office of Administrative Trials and Hearings (“OATH”) and was trying to save his job. Halpin explained that Regional Facilities Manager George handled the investigation leading up to the charges against him. According to Halpin, he was motivated to expose George because of what he had been put through.

¹ George was not reassigned during this investigation.

Halpin said that a colleague, whom he asked to be a character witness at the OATH hearing, showed him a work order relating to a “hush-hush” project being completed at the back corner of the 5th floor at the Vernon Boulevard location, which faced the 59th Street Bridge. The colleague called it the “Lonergan library.” Halpin added that he was able to obtain copies of other work orders relating to the construction of the library. Halpin agreed to provide information about DOE trades personnel who worked on the project. Halpin also admitted that he contacted the media about the “Lonergan library.”

SCI Investigators visited 44-36 Vernon Boulevard, met with DSF Operations Center (“Op Center”) 6 Regional Maintenance Planner Eric Weinbaum, and asked to see the library.² Weinbaum took the investigators to a room at the northwest corner of the 5th floor, which had a view of the East River and the 59th Street Bridge. Weinbaum described the room as a place where managers would be able to conduct research and other work in a more private setting. Weinbaum added that a secretary would be assigned to the library, there would be computers available, and material relating to the functions of DSF would be kept there. Weinbaum reported that Timothy George was in charge of the project.

The assigned investigator described the library as approximately 40 feet by 15 feet with wraparound windows. The floor was new and had been constructed with 12 by 12 vinyl tiles. Newly built oak units had been installed around the outer walls of the room and there was a new dropped ceiling with an all new electrical and fire suppressant system.

Op Center 1 Supervisor of Carpenters Patrick Markham provided relevant information.³ Markham was asked to install the paneling and bookcases in the library. Markham, who was assigned to 44-36 Vernon Boulevard, worked at a satellite location at the Bronx High School of Science. Markham informed investigators that, on March 20, 2007, he was present at 44-36 Vernon Boulevard and Supervisor of Mechanics Steven O’Shea asked him to “hang around.” O’Shea took Markham to a nearly empty room on the 5th floor and Markham noticed several areas where new sheetrock had been installed and interior windows had been removed and covered up. Markham said that DOE carpenters from Manhattan had done the sheetrock work. According to Markham, O’Shea told him that the room was being turned into a library that would be called the “Lonergan Library,” in honor of DSF Executive Director James Lonergan who was rumored to be retiring, and the work was being performed “under the radar.”

Markham continued that O’Shea’s “boss,” Bronx Regional Maintenance Planner Barry Apple, entered the room and the three of them discussed how the room would be designed. Markham said that O’Shea and Apple both told him that George was in charge of the project.

² George was unavailable as a result of a scheduled vacation.

³ Op Center 1 covered Region 1 and 2 in the Bronx

Markham explained that, several days after their initial meeting, he again met with O'Shea who gave him a copy of a "work order package" containing instructions regarding the bookcases and countertops. Based on the work order, Markham prepared a "material request list" and a "work order/task cost summary." Markham said that, initially, he drew some sketches to create the bookcases but, ultimately, the bookcases were ordered from an outside source. Markham and his crew installed the oak paneling and the bookcases. According to Markham, O'Shea told him to do the prep work in the carpentry shop at the Bronx High School of Science and again said to keep it "under the radar." Markham reported that he and his carpenters spent two weeks fabricating the raised oak panels and countertops at the Bronx High School of Science and then installed them in the 5th floor room at the Vernon Boulevard location.

In an interview with SCI investigators, Op Center 6 Regional Facilities Manager Timothy George asserted that he was asked by Alex Doulis, the assistant to James Lonergan, to help create a resource center for the DSF managers, shop personnel, contract managers, and others looking to do research in a quiet environment. George added that the plan was to construct a resource room or library in which material from every region would be available for immediate access – a "one stop shopping" location.

The 5th floor room chosen had previously been used to store electrical equipment and housed the "commissioning unit" which had moved to the School Construction Authority.⁴ George said that Temco, a vendor used by the DOE for custodial services, provided workers who closed up two windows with sheetrock. Temco also installed the vinyl floor tiles and the dropped ceiling, which George acknowledged needed some additional work to "pass code."⁵ According to George, the floor tiles were left over from another project and were in inventory. George explained that:

- some of the material came through work orders to DOE vendor Strategic Distribution, Inc.;
- the electrical work was done by the DSF "Manhattan shop;"
- "data drops" and computers were ordered for the room through the DSF Information Technology unit; and
- the carpentry was done by DSF carpenters at the Bronx High School of Science.

George continued that he and OP Center 1 Regional Maintenance Planner Barry Apple met to design the library/resource room and an SCA architect, whom he did not name, prepared a layout of the room.⁶ George added that he instructed Op Center 6 Supervisor of Mechanics Vincent Radziul to prepare work orders for some of the material

⁴ George did not know the purpose of the "commissioning unit." Lonergan later informed investigators that the unit was responsible for bringing new school buildings online.

⁵ Temco Building Manager Adam Carey, assigned to the Vernon Boulevard location, confirmed that he provided labor to install the floor and ceiling in the library/resource room on the 5th floor. Carey added that the labor was included in the Temco maintenance budget for the building.

⁶ George said that he and Apple had designed other resource rooms as well. The assigned investigator identified the architect as Saleen Ozalp who previously worked at DSF, but now is employed at the School Construction Authority.

needed for the project and to use 333 Seventh Avenue in Manhattan – the Region 9 and 10 Office – as the job location. Asked to explain that decision given that the library was in DSF central in Queens, George asserted that he did not have a “budget code” and was under a time constraint because the project had to be completed by June 30th. George explained that Deputy Director Facilities Manager Michael Hahn was responsible for assigning the budget code and the “professional development money” from Tweed had not been divided up yet. George added that he informed Hahn that he would be having the work orders reflect the 333 Seventh Avenue location and maintained that Hahn responded something like “no problem.” According to George, Hahn also said that when the project was near completion and the total cost was clearer, he then would change the budget code to reflect that the project came out of the DSF central budget. Hahn then went on a scheduled vacation.

George said that he used a general code which Hahn would correct when the work was finished. George maintained that this was not the first time that work orders were entered under one code and then changed to another code at the completion of the project. George admitted that, in the past, he directed that work orders be charged to the 333 Seventh Avenue location and, when the project was finished, the work orders then were given new codes. Asked again why he did not reference the project to the DSF central budget from the outset, George asserted that if Hahn had not been away on vacation then he would have done so. George added that he did not want to lose a week or wait to order the materials, so he took it upon himself, without notifying any other supervisor, to have work orders made out to 333 Seventh Avenue.

George informed investigators that the project was not “under the radar.” According to George, Deputy Chancellor Kathleen Grimm was aware of the library/resource room project.

In an interview with SCI investigators, Michael Hahn reported that the development of a library/resource room had been under discussion for some time by Lonergan, Marty Oestreicher, and David Berkowitz; the consulting firm of Alvarez & Marsal also was involved.⁷ He added that Deputy Chancellor Kathleen Grimm was aware of the library/resource room.

Hahn denied having a conversation with George about the work orders being charged to 333 Seventh Avenue and changing budget codes. According to Hahn, he was on vacation during “Presidents week” in February and, upon his return, he learned from Doulis that George was given the “green light” to start the library/resource room project.

Hahn confirmed that he was responsible for providing DSF budget codes, but added that George could have asked Director of Administration Mark David or Op

⁷ At the time, Oestreicher was the chief executive at the DOE Office of School Support Services. Berkowitz was the executive director at the Office of School Food.

Center 3 Maintenance Planner David Lewis for the correct code in his absence.⁸ Hahn verified that George used a general code, although the code should have been from DSF central. Hahn said that a budget code was required to obtain materials through a work order. Hahn acknowledged that there were times when a work order was charged to one budget code for expedience, but then changed to the proper budget code at a later time.

Hahn conceded that George had some experience in creating “library type” rooms, but said that he was surprised when he was not given the project. In Hahn’s opinion, the project was not handled correctly. Hahn said that, had he been given the project, he may have used a general contractor rather than in-house personnel. Hahn described some of the benefits of using a general contractor:

- it required only one work order;
- a general contractor would complete the project much faster than DOE tradesman;
- the exact cost of the project would be known before commencing the work; and
- the project may have been less expensive.

In May 2007, Hahn provided paperwork which showed that he had changed the budget code for the project from Op Center 6 to 44-36 Vernon Boulevard, DSF central.

The assigned investigator spoke by telephone with DSF Supervisor of Mechanics for Op Center 6 Vincent Radziul, who reported to George. Radziul explained that George asked him to obtain trades workers for the construction of the library/resource room on the 5th floor of the Vernon Boulevard location in Long Island City. Radziul added that George asked him to prepare work orders for the project using the budget code for Op Center 6 in Manhattan. The project was surveyed, Radziul was given a list of the materials needed, and the work order was prepared.

Radziul acknowledged that he was aware that budget codes sometimes changed and offered “district maintenance funding” as an example. Radziul said that when the funds were depleted, he could use another budget code until the maintenance fund was replenished.

According to Radziul, he did not hear the term “under the radar” used in association with the library/resource room project. He said that the existence of the project was widely known and added that there were “no secrets in DSF.”

In a telephone conversation with the assigned investigator, Steven O’Shea, the DSF Supervisor of Mechanics in OP Center 1 in the Bronx, explained that Op Center 6 Regional Facilities Manager George and Op Center 1 Regional Facilities Planner Apple asked that Op Center 1 Supervisor of Carpenters Markham’s crew construct the bookshelves and handle other carpentry issues for the library/resource room project.

⁸ Hahn then suggested that Lewis also may have been on vacation. Hahn added that, in addition to him, the budget code could be changed by Lonergan, Director of Field Operations John O’Connell, and Director of Program Management Volkert Braren.

O'Shea met with Markham who surveyed the room, made sketches, and provided a materials list. O'Shea added that Markham's crew installed the ordered items. O'Shea had no recollection of using the term "under the radar."

DSF Executive Director James Lonergan informed SCI investigators that, around November 2006, discussions began concerning a central resource room as part of the implementation of a professional development program. Lonergan, Oestreicher O'Connell, David, Volkert Braren, and Eric Goldstein were involved.⁹ Lonergan added that, in early February 2007, the "2007 annual plan," which included the library/resource room, was presented to Deputy Chancellor Kathleen Grimm and later approved.

Lonergan continued that the 5th floor room was chosen, he asked Doulis to assign someone to start the resource room project, and Doulis selected George "to get the ball rolling." According to Lonergan, there was no preconceived plan to assign George and Doulis picked George because of his prior experience with similar projects.

Lonergan said that George then ordered materials, assigned trades workers, and brought in Temco to do the ceiling and floors. Lonergan confirmed that a budget code was needed to order materials and added that George took it upon himself to use the budget code from George's area – OP Center 6 – with the intention of having the code changed either when Hahn came back from vacation or near the completion of the project. Lonergan maintained that, in hindsight, George should have waited until he had obtained the proper code from Hahn, but Lonergan acknowledged that it "was not an unusual event" to use an inaccurate budget code to order material with the intent of changing it to the proper code at a later date. Lonergan admitted that such a procedure had been used in the past when necessary.

According to Lonergan, the cost of the resource room was estimated at under \$100,000. Lonergan also agreed with Hahn's assessment that the use of a general contractor may have been "30 to 40% cheaper" and that the project would have been completed more expeditiously. Lonergan could not explain why the possibility of hiring a general contractor was not examined. Lonergan admitted that DOE trades personnel did not work at the same speed as independent general contractors. Lonergan also could not explain why George sent the carpentry work to the shop at the Bronx High School of Science.

At the request of the assigned investigator, Lonergan asked George to compare the cost of constructing the library/resource room using DSF personnel and work orders with the cost of constructing it using a general contractor.

A review of the cost analysis provided by George revealed that the library/resource room project performed by a general contractor would have cost

⁹ Braren was the director of program management and Goldstein was the deputy chief executive of the Office of School Support Services.

approximately \$56,478. Using DSF personnel, approximately \$42,249 was spent on the project. George acknowledged that, when the value of the ceiling and floor – handled by Temco under its maintenance budget for the Vernon Boulevard location at no additional cost to the DOE – was added, the price of the library/resource room would have been much closer to the general contractor figure. George asserted that using DSF personnel actually saved the DOE funds, but conceded that a general contractor would have completed the project in less time.

In an interview with SCI investigators, Deputy Chancellor Kathleen Grimm explained that Oestreicher was very involved in the idea of professional development and in the plan for a library/resource room. Grimm said that the concept had her approval. Grimm added that she was not informed when the resource room project was initiated, but said that Lonergan was in a position to authorize the project and did not need her approval to start it.

We refer our findings for your information and appropriate action.

We are forwarding a copy of this letter and of our report concerning this investigation to the Office of Legal Services. Should you have any inquiries regarding the above, please contact First Deputy Commissioner Regina Loughran, the attorney assigned to the case. She can be reached at (212) 510-1426. Please notify First Deputy Commissioner Loughran within 30 days of receipt of this letter of what, if any, action has been taken or is contemplated regarding this report. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON
Special Commissioner
of Investigation for the
New York City School District

By: _____

Regina A. Loughran
First Deputy Commissioner

RJC:RAL:gm

c: Michael Best, Esq.
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