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\$65 MILLION DOE CONTRACT RETURNED TO SENDER

NEW YORK, NY - City Comptroller John C. Liu returned a \$65 million Department of Education (DOE) school custodial contract that failed to provide any explanation for a 44% price increase, among other flaws.

“With budget deficits still looming, contracts with huge inexplicable cost increases and other outstanding questions simply cannot be green-lighted,” Comptroller Liu said. “An extra \$20 million on top of \$45 million is an enormous amount of money.”

In 2004, the Department of Education entered into a five-year contract with Control Building Services. In June 2007, the DOE transferred the contract, at a value of \$45 million annually for the remaining two years, to Temco Service Industries (Temco) for custodial and building maintenance at various schools and DOE facilities. Beginning in 2009, the contract was renewed twice, at \$45 million per year.

Last month, the DOE requested a one-year extension of the contract. However, the amount of the contract was changed to \$65 million, a \$20 million increase, with no explanation for the price hike.

Upon further review of the contract submission, Comptroller Liu’s office identified a number of other concerns regarding the DOE’s contract with Temco, including an official investigation into unauthorized use of school facilities after hours, and questions about a Temco consultant’s ties to the DOE.

The Comptroller’s Office is asking the DOE to provide more information on the following:

- 1) The vendor failed to disclose an investigation by the Special Commissioner of Investigation (SCI) which called for three employees of Temco to be disciplined for allowing unauthorized access by outsiders to Westinghouse High School after hours. The DOE must provide a Corrective Action Plan related to the SCI investigation;
- 2) The contract is missing approval from the Chancellor or his designee;

- 3) The agency needs to clarify the relationship between a current Temco consultant and the DOE, and provide a waiver from the Conflict of Interest Board, if applicable.

The DOE must provide the requested information when resubmitting the Temco contract for registration.

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