

## **Chavez Ignores Staffer's Recommendations that Schiff be Fired**

By Eileen Welsome

ALBUQUERQUE—Marc Schiff, a well-connected Albuquerque architect who pleaded guilty to conspiracy and mail fraud charges in one of the largest public corruption investigations in New Mexico history, had an unusually close relationship with Mayor Martin Chávez.

That "special relationship," as one staffer put it, enabled Schiff to continue working on the Balloon Fiesta Park and Museum - two massive projects that funneled hundreds of thousands of city dollars to Schiff and his firm over more than a decade -- despite repeated concerns about his work and even a project manager's recommendation that Schiff be fired.

"Schiff bypassed groups and committees and went directly to the Mayor's Office," recalled Steve Wentworth, who has been involved in Balloon Fiesta Park since the mid-nineties and served on various balloon park advisory committees.

Chávez and his chief administrative officer, Bruce Perlman, did not respond to e-mails or requests for interviews about Schiff and his city contracts. But documents shedding light on Schiff's dealings with the city were obtained through half a dozen requests with various city departments filed under the New Mexico Inspection of Public Records Act.

At least four other former or current city officials confirmed that Schiff had special access to the 11th floor Mayor's Office. "Marty was always fascinated by Marc's ideas. He felt like Marc was very creative, very innovative, and very different than everybody else," one official recalled. "My sense is that they were close to each other in terms of age and coolness and all that kind of stuff. They just hit it off."

Schiff was more than just a friend; he served on the mayor's transition team, shelled out \$250 to ABQPAC, a slush fund that Marty used to pay travel expenses and even his wife's cell phone bill, and contributed to his political campaigns.

On March 29, 2007, the U.S. Attorney's Office unveiled a 26-count indictment that detailed a fraud and kickback scheme in which \$4.2 million of taxpayer money was skimmed off and paid to former and current politicians and other state officials during the construction of the \$83 million Metro Court complex.

Schiff, architect for the courthouse, was one of at least eight participants in that scheme. In a plea agreement, Schiff said he prepared false invoices for his firm, Design Collaborative Southwest, on his home computer. He then deposited the state checks received for the bogus work into a personal investment account and later transferred the funds to his personal bank account. From that account, he withdrew money to pay various politicians and state officials, including former state Sen. Manny Aragon, a South Valley

Democrat, and former Albuquerque Mayor Ken Schultz, who also worked as a DCSW lobbyist, he admitted in his plea agreement

In exchange for the promise of a reduced sentence, Schiff has pleaded guilty to two felony counts and agreed to cooperate with federal law enforcement agents. Schultz has also pleaded guilty and promised cooperation, as has a third defendant. Aragon, who is alleged to have used his position to help direct state money to the Metro Court project, and four other defendants have pleaded not guilty. A trial in U.S. District Court is pending.

### **"Marc the Shark"**

Founded in 1984, Schiff's firm, Design Collaborative Southwest, has designed and overseen the construction of numerous public buildings in New Mexico totaling more than four million square feet. Some of the projects include the Sandoval County Judicial Complex, the Advanced Laser Research Facility at Kirtland Air Force Base, the South Broadway Cultural Center, the New Mexico Museum of Natural History and Science, and the Farm and Ranch Heritage Museum in Las Cruces. (The controversial Metro Courthouse, with its expensive black marble facade, appears to have been scrubbed from the portfolio of buildings on the Web site of Studio Southwest Architects, the successor firm to DCSW.)

By all accounts, Schiff was a talented architect, but talent only goes so far in New Mexico when it comes to multi-million dollar public contracts. Schiff schmoozed with elected officials and helped out with fund-raisers. His detractors called him "Marc the Shark," "Back-door Marc," or simply "Marc-o."

Said Steve Wentworth, "I want to say very strongly that Mr. Schiff is very, very politically astute and I'm kind of astounded about some of the statements I read in the newspaper describing him as being naïve about political issues. He was lobbying everybody and their mother for funds."

Rob Perry, Schiff's lawyer and a former head of New Mexico's prison system, said, "I'm not saying the guy fell off the turnip truck. But our position on the case is that he was forced into making these payments. He paid to keep his contract. The forces at play would probably have taken action against him if he didn't pay."

One of Schiff's supporters was Manny Aragon, at one time considered the most powerful politician in New Mexico. Aragon recommended DCSW for various projects, including the Second Judicial District Courthouse, which is located across the street from Metro Court. DCSW didn't get the contract "and things went to heck ..," Aragon said in a 2002 deposition that was part of a civil suit.

On Dec. 1, 1993, Martin Chávez became mayor of Albuquerque. Two years later, Schiff's firm was awarded a \$460,500 contract to design the master plan for the balloon complex.

## Peas in a Pod

Marc and Marty seemed cast from the same mold. They were both in their early forties, physically fit, and eager to make a mark on the world. Associates say they both hewed to a philosophy articulated more than a century ago by Chicago architect Daniel Burnham who famously said, "Make no little plans; they have no magic to stir men's blood."

Over the next 12 years, DCSW's half-million dollar contract grew to \$6.7 million. The additional costs were approved in seven supplemental agreements, an unprecedented 87 additional service agreements, and several additional service agreements in which DCSW received money as a subcontractor to the engineering firm, Bohannon-Houston.

Rich Braun, the president of DCSW's successor firm, Studio Southwest Architects, said only \$1.3 million of the \$6.7 million actually went to DCSW. "The rest went to subcontractors."

Records show that one of those subcontractors was P2RS, an electrical, plumbing and engineering firm. A former principal in that firm, Raul Parra, has also been indicted in the Metro Court scandal and is awaiting trial. Parra is accused of skimming \$773,000 from the Metro Court construction project and kicking back \$400,000 to Manny Aragon.

(P2RS did receive funds for work done on the balloon complex, but it's not clear how much. Mark Motsko, public information officer for the Department of Municipal Development, did not respond to an inquiry asking for the total amounts paid to the firm.)

Manny Aragon and P2RS had a symbiotic relationship that dates back to the mid-nineties. As one federal court document put it, Parra "takes care of Manny" and "Manny gets him work." In his 2002 deposition, Aragon admitted several times that he often recommended P2RS for contracts. "If I had an opportunity, I would recommend P2RS to take care of anything they would tell me they could do."

In exchange, P2RS paid Aragon an annual legal retainer. The firm also dispersed on one occasion a \$50,000 payment to "Manny." Court records suggest 'Manny' was, in fact, Manny Aragon. The \$50,000 is alleged to be a bribe.

At City Hall, problems with Marc Schiff began surfacing almost immediately. He was a big-picture guy, a prima donna, who wanted total control and acted as if the city worked for him. He was late for meetings or didn't show up at all, his writing was shoddy, his billing records were incomplete, and he seemed oblivious to costs. His master plan for the balloon park envisioned a family recreation center, an auditorium and entertainment venue, a reflecting pond, and corporate pavilions -- unbuilt projects that many believed were inserted into the master plan to boost DCSW's design fees.

That belief is buttressed in a January 19, 2007 e-mail from Bruce Hale, a contractor and member of a balloon park advisory board, to Bruce Perlman, the city's chief administrative officer: "Marc-o," wrote Hale, "is hitting the high dollar projects first, in

order to collect higher commissions from the city." He added, " I suspect that from his recent past activities on public projects ... that he is low on work and needs the bucks."

### **Balloon Fiesta Park and Museum.**

(Hale, a balloonist, is no stranger to City Hall politics. Between 2005 and 2007, Hale and his wife contributed roughly \$8,000 in campaign contributions to Chávez's various political campaigns. He was also a board member of ABQPAC, the slush fund Marty used to pay personal debts and travel expenses. Hale's construction company, one of the largest family-owned firms in New Mexico, has received millions in city contracts, including a \$2 million contract to build infrastructure for the park.)

Whenever city staffers raised concerns, Schiff marched into to the Mayor's Office, a tactic that several city officials said was highly unusual, created resentment among the rank-and-file employees, and politicized the project. "Most architects and engineers are happy to work with staff," said one former official. "They don't take it to the director, much less an elected official, whether it's a councilor or the mayor."

In November of 1997, a month before Marty Chávez left office, Schiff's firm, DCSW, secured a \$750,000 supplemental contract to design the balloon museum, as well as a restaurant, gift shop, classrooms, storage, parking and landscaping.

The following month, Jim Baca was elected mayor. Unlike Chávez, Baca considered the balloon museum a "white elephant." Baca said he had no dealings with Schiff during his administration. "There was something about him. I didn't want to deal with him," he added, providing no elaboration.

Despite Baca's reservations, city records show that DCSW got a third contract for \$175,530 in August of 1999 for designing utilities, a sanitary lift station, and two parking lots for the Golf Center. Several months later, Sandy Zuschlag, the project manager for Balloon Fiesta Park, recommended that Schiff's contract be terminated and a new design contract be advertised, memos show. High-level city administrators took her concerns seriously. On Oct 21, 1999, Patrick Montoya, an official with the Capital Improvements Program, wrote a letter to Schiff:

"The city believes that at times, you failed to recall that the work being done for the City is for the City as opposed to your vision of what the park should become and how all its players should be orchestrated. As a portion of what I would term a problem would be your failure to fully brief the city project manager on status and obtain client approval prior to making important decisions or negotiations or representations on behalf of the city."

He continued, "Although the City has repeatedly stated that it desires to make the Balloon Fiesta Park the premier park in the City, funding like with all other public projects is always limited. There appears to be a consistent habit of utilizing the flashiest production

methods and staff has come to feel that you believe your design is more important than creating a design within project budgetary constraints."

A few days later, a meeting was held with Lawrence Rael, Baca's chief administrative officer. Instead of firing Schiff, the various parties agreed to assign most of the work on the park itself to Bohannon Houston, a civil engineering firm. DCSW, however, retained its position as architect for the balloon museum.

Marty Chávez left the Mayor's Office in December 1997 and began campaigning for governor. He lost to Gary Johnson, a Republican, and returned to private law practice. One of his clients was a development group that included Marc Schiff and DCSW.

Although Chávez once described the mayor's job as boring, he apparently discovered that working as a lawyer was even less rewarding and decided to run for mayor again. By December of 2001, he had been re-elected and was back in a spacious office on the 11th floor of City Hall with its sweeping views of downtown Albuquerque.

Chávez urged Schiff to stay involved with the balloon project despite the objections of city staffers. "In light of the ongoing planning issues at the park, and the Mayor's directive to me to stay involved I believe that it would not be beneficial to cancel our contract, but rather extend it by time and materials basis," Schiff wrote in an April 11, 2002 memo to Sandy Zuschlag, the very person who sought to cancel his contract two years earlier.

By 2003, the construction of the museum had begun. The Chávez administration approved two more hefty deals for DCSW totaling \$3.4 million for design and installation of the balloon exhibits, audiovisual equipment, and related tasks. (Records show the bulk of this money was passed through to subcontractors). Gerald Martin General Contractor was awarded the contract to actually build the museum and was eventually paid more than \$11 million.

With the museum scheduled to open in time for the October 2005 Balloon Fiesta, crews worked around the clock and the money poured from city coffers. According to one memo, more than \$3 million in invoices were processed by the city between June 20, 2005 and the end of the year.

### **Kickback Scandal at Metro Court**

Meanwhile, the FBI investigation into the bribery and kickback scandal at Metro Court was advancing. By December of 2005, Toby Martinez, former Metro Court administrator and one of the defendants in the public corruption investigation, had retained a criminal defense lawyer, federal court records show. Marc Schiff had numerous conversations with FBI agents, and it seems likely that by this time, he, too, was trying to decide whether to cooperate with the feds, or fight the charges and risk a lengthy prison sentence and potentially hundreds of thousands of dollars in fines.

Studio Southwest Architects did not learn of the FBI investigation until February of 2006, the firm's president, Rich Braun, said in a telephone interview. The investigation stunned the members of the firm, according to Braun, who said he knew nothing of Schiff's kickbacks. "The FBI asked us for some stuff and we gave them whatever they asked for," he said. "We were under an order from the U.S. Attorney not to discuss anything or take any kind of action at all and that's what we did."

Members began discussing whether to change the name of the firm in early March 2006. They subsequently filed papers with the state and officially became Studio Southwest Architects on May 9, 2006. "The name change was an effort to distance the firm from Mr. Schiff," Braun added.

In October of 2006, Sandy Zuschlag was relieved of her position as project manager of Balloon Fiesta Park, a move that many City Hall observers believe was instigated by Marc Schiff. (Zuschlag still works for the City, however.) Just two months later, on Dec. 15, 2006, Studio Southwest Architects entered into a "settlement agreement" with Schiff. Braun declined to discuss the contents of the agreement, stating that it was confidential.

Schiff, meanwhile, continued to work on the balloon complex. In January of 2007, Schiff attended as many as five meetings dealing with the park and museum. Rich Braun said the purpose of the meetings was "to transition work which Mr. Schiff had begun to other architects in the firm."

On Jan. 21, Bruce Hale sent his e-mail to Bruce Perlman, Chávez's chief administrative officer for the city, complaining about Schiff. "It seems like those who challenge Mr. Schiff have been bypassed (such as myself). I have a little bit of hurt feelings."

Despite his generous financial support, it was clear to Hale that Schiff still had more influence with Marty. Hale wrote, "Some of us have spent 15 years developing insight, observations, and data regarding use and needs of the park. Marc has also been around as long, but he has never interacted in a totally positive way with any of the others at the park," He added, "Marty told me a long time ago that I could drive this train, look for ways of funding, and identify the priorities on this project. Schiff comes running in, and in short order, appears to be driving the train."

A couple of days later, Schiff and another member of the architectural firm, David Dekker, attended a meeting of the Balloon Park Policy Board Infrastructure Subcommittee. Though the indictments were only two months away, Schiff appeared to be on top of the world, laughing and joking with colleagues. To other committee members and city representatives, Schiff still seemed to be the man running the show.

### **Sixty Million Dollar Price Tag**

Although the Chávez administration is loathe to give out an accounting of expenditures associated with the balloon complex, a recent city audit states that more than \$60 million has been appropriated for the balloon park and museum. That's a three to four-fold increase over what Schiff's firm predicted the balloon complex would cost in 1995.

(Nearly \$10 million came from the Legislature during a time when Manny Aragon was president pro-tem of the Senate.)

Despite the more than \$40 million already spent on the park itself, it still lacks basic amenities, such as permanent restrooms, a public safety command center, utilities for the vendors, drinking fountains, drainage improvements, and a functional transit drop-off area.

The museum, which wound up costing approximately \$16 million, also has an unfinished and melancholy feeling. On weekdays, docents snooze in corners and the exhibit rooms are devoid of visitors. "Dead, absolutely dead," said one official. That impression is confirmed in city budget records, which show the number of visitors to the balloon museum lagging far behind the people visiting the Albuquerque Museum and the Explora Science Center. For the fiscal year, 2007, for example, 49,429 people visited the balloon museum compared to 112,359 visitors to the Albuquerque Museum and 205,055 visitors to the Explora Science Center.

Despite the lack of visitors, the museum is already showing signs of wear. The concrete floor is cracked; the roof is reportedly leaking, and hundreds of square feet of space are unused. Annual operating and maintenance costs are in the neighborhood of \$1.4 million.

Directly north of the museum is a huge crater measuring roughly 200 feet in diameter resembling a site where a meteor crashed to earth. The gouged-out hole was supposed to become a reflecting pond with jets capable of spewing water 75 feet in the air. Impractical and extremely expensive to maintain, the reflecting pond was emblematic of the problems that city staffers encountered with Marc Schiff's designs.

Numerous people warned that the pond would waste water and damage the museum's huge floor-to-ceiling windows, but the project was not halted until 2007. By then, the excavation had already been done and huge truckloads of old landfill material carted off. "It was a horrendous waste of taxpayers' money and counter to the mayor's environmental conscious ideas," said Wentworth.

Though the rumor mill is churning as to Schiff's whereabouts, his attorney, Rob Perry would not comment on where he's living or what he's doing. A spokesperson for the New Mexico Board of Examiners for Architects, said Schiff agreed to voluntarily surrendered his architecture license until after he testifies for the government. His cross-examination will likely be contentious; Manny Aragon and the other defendants have aggressive and powerful defense attorneys who are already sifting through the numerous conversations that Schiff had with federal investigators.

In the end, what may stir the blood of New Mexico residents is not the bold plans of Marc Schiff and Marty Chávez, but millions and millions of taxpayer dollars spent on a dysfunctional balloon park and museum. Although the park is greening up and the soccer fields are alive with children, the museum is surrounded by empty parking lots and barren earth. Like its creator, Marc Schiff, it appears to have fallen on hard times.