

TOWN OF WASHINGTON

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TESTIMONY BEFORE THE LABOR AND PUBLIC EMPLOYEES COMMITTEE

March 16, 2006

RE: RAISED BILL 5741

AN ACT CONCERNING PREVAILING WAGE THRESHOLDS

Good morning Senator Prague, Representative Ryan and members of the Labor and Public Employees Committee. My name is Richard C. Sears. I am here representing the Town of Washington as its First Selectman and the Northwestern Connecticut Council of Governments as its Vice Chairman. I am also a member of the joint NWCOG and Litchfield Hills Council of Elected Officials' Legislative Committee that strongly supports raising prevailing wage thresholds. I want to thank the members and staff of the Labor and Public Employees Committee for considering Raised Bill #5741.

Municipal dollars accomplish less when prevailing wage thresholds kick in. Though there are differences of opinion about how much more prevailing wage jobs cost than those on the open market, no one disputes that they do cost more.

Here's what happens in our area of the state: Local contractors pay good wages, living wages to employees. They support local economies and communities. Most of our construction companies are small. When a 'prevailing wage' job comes up for which local contractors are well suited some of them will not bid on the project. Why is this? Some are afraid of shifting to a higher wage scale. They fear that if they take the job they would have to change their wage structure for employees. They think they will price themselves out of the local market.

As small businesses with part-time financial managers, these companies are intimidated in general by paperwork and reporting requirements. Office administration, working with public agencies and financial management are challenging in their own right. Dealing with municipal contracts adds another layer. Having to set several different wage scales for the same workers is a final barrier that makes contractors unwilling to bid these local, 'doable' jobs. So...in effect, out here, far from the city centers, we get fewer competitive bids from which to choose. Money flows out of the area and prices rise.

For example, the Town of Washington just completed a \$450,000 building renovation project funded by a STEAP grant. The project would have been more attractive to local contractors and certainly would have been completed at lower cost to the taxpayer if the prevailing wage threshold were \$500,000 instead of \$100,000.

The Town of Salisbury, using a state grant to reconstruct sidewalks and curbs, had to put the bid out twice because none of the local contractors who could have done the job were willing to bid. A local elected official had to plead with contractors from outside the area to finally put in a bid. Even larger firms from far away didn't like the local job as it was almost too small for them to make a reasonable profit. Additionally all of their prevailing wage workers had to travel long distances to the job site. Unfortunately the town has very few motel rooms to accommodate these workers and the cost for these is quite high. Local contractors that could easily have competed for the jobs were discouraged by the requirements to jump through hoops to pay prevailing wage.

We believe that the prevailing wage thresholds should be raised. We will get more competitive bids, work that supports the local economies, and receive work done at lower cost to the state and towns. The towns of Northwestern CT ask you to raise the thresholds in order to make it possible for contractors and builders to bid on projects in our area.

Thank you.