

**Government Administration & Elections Committee  
Public Hearing Monday, March 23, 2009 – 9:30 am – Room 2B LOB**

**Re: HB 5373 – An Act Expanding Certain Reserve Auction Authority to the Purchase of Services by Towns, School Districts and State Agencies**

**Testimony by: Joyce A. Wojtas, Mechanical Contractors Association of CT (MCAC)**

The Mechanical Contractors Association of CT strongly opposes House Bill 5373 which would allow reverse auction bidding on state and municipal construction contracts.

A construction project often involves many contractors, i.e., the general contractor, prime subcontractors, second-tier and third-tier subcontractors, specialty contractors, suppliers and second-tier suppliers. The complexities of a project vary and plans and specifications for a project could weigh 50 to 100 pounds. Many projects involve 60 to 75 contractors, subcontractors and suppliers who could be involved in providing service and material estimates to a general contractor or construction manager to be used in their bid on a project.

Reverse auction bidding was developed for the purchase of manufactured goods or commodities, which have limited variability, i.e., paper towels, toilet tissue, canned soup, screwdrivers, automobiles (4 cylinder, 2-door, with 35 mpg), etc. This system cannot practically be used for bidding on complex construction contracts that have a multitude of variables. Reverse auction bidding ignores the fact that construction is unique.

There is no concrete evidence that reverse auction bidding produces savings even for the purchase of commodities. A vendor knows that it will probably have an opportunity to provide other bids as the auction progresses so there is very little incentive to offer the best price with the first bid. The bidding is similar to a game and many prospective bidders choose not to participate.

Currently, the construction bidding system is transparent and the names of the prospective bidders on public projects are known, not only by the town or state agency, but the public and the prospective bidders, subcontractors and suppliers. With a reverse auction bidding system, no one knows who is bidding and that leaves the door open to a lower than normal bid being thrown in just to drive the cost down on a given project.

Many reputable contractors currently do not bid state and municipal projects. This bill will further discourage competition and drive the more reputable contractors further from bidding on public work.

Connecticut has taken many positive steps to improve contracting standards for state and municipal construction projects over the last five years. Steps should now be taken to save valuable public dollars by speeding up the bidding and awards process and getting projects shovel-ready in a shorter period of time, not scraping sealed bid procurement.

Reverse auction bidding threatens the integrity of the entire construction procurement process! A word caution to those in state and municipal government who support this “Caveat Emptor”!

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