

Public Hearing
Bill – SB 785, An Act Concerning Construction Change Orders
February 13, 2009

Good afternoon Mr. Chairman and committee members. Thank you for the opportunity to speak out in favor of SB 785, An Act Concerning Construction Change Orders. My name is Michael Moconyi; I am the Executive Director of the Connecticut Chapter of the National Electrical Contractors Association, a trade association representing union electrical contractors throughout the State of Connecticut who employ thousands of electrical journeymen for various types of electrical projects.

Our organization strongly supports this proposed legislation because it has the best interests of the owner, contractors and subcontractors as its central theme. In today's environment, projects are identified by the owner, placed out to bid, and contractors are selected based on a variety of criteria and the job schedule is established.

As the job proceeds, changes to the original plans are made and contractors are instructed to perform the work. This is a process that repeats itself many times over on a project and very quickly, a large sum of approved change orders are piling up with no payments being made to contractors. Many times the owner is not aware of these increased costs to their project and is not given the opportunity to make financial arrangements to provide for these additional costs before the project is completed. In the interim, the contractor is financing the project with no guarantee of receiving payment and is obligated to continue to perform work or face potential damages.

Fast forward to the end of the project and the uniformed owner now is asked to cover higher project costs than budgeted for, the general contractor, in attempts to maintain good relations with the owner refuses to acknowledge all the change orders and negotiates cents on the dollar with the performing sub contractors who are usually not in a position to engage in long drawn out legal dealings and in the end are forced to accept lower amount of payment.

This bill attempts to resolve these inherent conflicts by requiring the following items:

1. Relieve contractors or subcontractors from performing future changes when the total sum of pending change orders not paid, exceeds 5% of the contract or subcontract. ***This does not include any change orders that are in dispute.***
2. Monthly each contractor and subcontractor would submit a statement listing all payment requisitions indicating the status of all pending and approved change orders and directives. This filing would be addressed to the owner of the project to keep him informed of all progress.

The benefits of passing this bill would include:

1. Contractors and subcontractors would no longer be forced to finance changes in work or perform work when approved changes are not being processed that are in excess of 5% of the contract value.
2. Contractors and subcontractors can get paid the monies they are owed without being forced to accept less than the value of the work they performed.
3. Problems that arise on a project are addressed in a timely manner rather than at the end of the job.
4. Owners are made aware of all change activities during the jobs progression, rather than being surprised at the end of the project.

When enacted this bill will provide a measure of fairness and accountability for all participants owners, contractors and subcontractors, in completing construction projects of all types.

Thank you for allowing my testimony today.