



CCM 2012 Testimony

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LABOR & PUBLIC EMPLOYEES COMMITTEE

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The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 90% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

House Bill 5311 "An Act Concerning Public Works Projects That Are Privately Funded"

CCM **supports HB 5311** as it would clarify that any public works projects "paid for exclusively with private funds" would be exempt from the State's prevailing wage rate mandate.

While this proposal to clarify state law is an initial step in the right direction -- local officials have long pleaded for more tangible relief (not repeal) from the prevailing wage mandate. Therefore, *CCM strongly urges the Committee to amend HB 5311* and to (1) adjust the thresholds for renovation construction projects from \$100,000 to \$400,000; (2) adjust the thresholds for new construction projects from \$400,000 to \$1 million; and (3) index both thresholds for inflation thereafter.

Threshold adjustments would free-up state and local dollars, jumpstart and expand projects, and protect and create jobs. The alternative – looming layoffs and shelved projects should not be an option. The reward for the State as a whole in enacting such relief measures greatly outweighs any possible impact on special interests. **The prevailing wage thresholds have not been adjusted since 1991.** Prior to 1991, legislators adjusted prevailing wage thresholds on a six-year schedule. The 21-year absence of adjustments to the project-cost triggers of **Connecticut's prevailing wage mandate has cost the State and local governments millions of dollars** – money that is desperately needed now to deliver local and state services during this recession.

In addition to the actual mandate, **the process itself for determining whether a project is new construction or repair/renovation is flawed** and often serves as a deterrent to break ground on a project.

An example is an experience in the town of Harwinton – where there was a project involving funds from a STEAP grant for \$236,000 to extend a water line from the elementary school to the town offices and some local businesses. The Regional School Board had contracted and paid for the waterline to the school, which was done three years before the town of Harwinton received the STEAP grant. The contract was a separate agreement between the Water Company and the Town -- and was under the \$400,000 mandated threshold. However, the state Department of Labor dictated that Harwinton's contract was a continuation (i.e. a renovation) of the School Board's contract and therefore, was subject to the lower prevailing wage threshold of \$100,000. Again, because of this unnecessary state mandate on municipalities – local officials were forced to scrape together an additional \$56,000. For what?

Local officials are pleading for state lawmakers to remove politics from this debate. They are not demanding repeal of Connecticut's prevailing wage rate law. Local officials are not even demanding radical changes to this mandate. **We are asking state lawmakers to make reasonable adjustments to the thresholds and require the Department of Labor to administer §31-53g as the legislative history would indicate. Appropriate thresholds for remodeling, refinishing, refurbishing, rehabilitation, alteration -- as well as new construction -- are essential to allowing municipalities the ability to manage their limited resources.**

CCM urges the Committee to *amend HB 5311 as recommended above*, and to **favorably report the bill**.

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If you have any questions, please contact Bob Labanara, Senior Legislative Associate of CCM
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