



STATE OF CONNECTICUT
DEPARTMENT OF CONSTRUCTION SERVICES



Testimony in Support of Raised Senate Bill 978
An Act Concerning Subcontractor Prequalification and Classification Thresholds and
Increasing The Threshold For Requiring Competitive Bidding of Public Works Projects

Government Administrations & Elections Committee
March 11, 2013

I want to thank the Committee for raising the department's (2) concepts and for the opportunity to provide comments today.

In Section 1 of Raised Bill 978, "An Act Concerning Subcontractor Prequalification and Classification Thresholds and Increasing The Threshold For Requiring Competitive Bidding of Public Works Projects," DCS proposes changing the cost threshold for design-bid-build projects that would be subject to the statutory bidding requirements of Section 4b-91 through 4b-100 from five hundred thousand dollars to two million dollars.

The dollar amount has not been increased since 1999 when the amount was changed from two hundred fifty thousand dollars to five hundred thousand dollars. In the more than a decade that has passed, the five hundred thousand dollars amount is no longer representative of the construction costs for state construction projects due to the increase in construction costs, prevailing wages, bonds and insurance. Since 1999, moreover, the State instituted the prequalification program for contractors and subcontractors that has had a salutary effect on the quality of those performing work for the state and, consequently, the quality of the work being performed. Increasing the dollar amount in section 4b-91 of state contracts that require the state to use the formal bidding process to two million dollars will allow the department to advance smaller projects to construction more expeditiously due to the decrease in the number of less administrative steps, while maintaining in most instances sealed competitive bidding on projects

Furthermore, the increased threshold would allow DCS to refocus staff time and agency resources on more complex and costly projects. With the change, projects valued at less than two million dollars would be commenced sooner, with the result of creating construction jobs earlier in the process. Reducing administrative steps may be of

assistance to smaller contractors and encourage them bidding on state projects as the smaller contractors who, with limited state work experience and less staff, may have found the formal state bidding process too daunting to commit limited resources.

Section 2 includes a change to subsection (j) of section 4b-91, where the department proposes to require that subcontractors be prequalified at the time of the bid submittal, instead of at the time of performance of their work. This recommendation simply prevents a lag time before a project can start while the department waits for the subcontractor to meet the prequalification requirements. A subcontractor's inability to obtain DAS prequalification results in further delay as the general bidder seeks to substitute another subcontractor or with DCS having to move to the second apparent low bidder.

Section 4 makes conforming changes to Section 4b-52 due to the proposed increase in the bidding threshold and, as a consequence thereof, to the emergency conditions section of the statute. , Concerning the latter, section 4b-52 (c) gives the department the authority to address emergency conditions without inviting bids. The department's proposal to increase this amount from five hundred thousand dollars to two million dollars is in line with the changes outlined in section 1 above. The proposed increase would greatly assist the state in addressing emergency repairs in the most efficient and timely manner, increase the number of emergency situations that can be addressed concurrently, and provide for the most appropriate allocation of state personnel and resources.

If the emergency expenditures will exceed two million dollars, the Commissioner must obtain the Governor's written consent and certify to the joint committee of the General Assembly having cognizance of matters relating to legislative management that the project is of such an emergency in nature that an exception to the formal bidding procedures of 4b-91 is required.

There are a number of corrections that need to be made to this section of the bill as drafted. In section (a) (1), the agency administered project thresholds requiring DCS approval should remain at their current statutory levels: five hundred thousand dollars for executive branch agencies; one million two hundred fifty thousand dollars for the Judicial Branch; and two million dollars for the constituent agencies of higher education. Also, the threshold for Judicial Branch projects not requiring DCS approval should remain at five hundred thousand dollars. The bidding threshold is separate and distinct from the agency administered project threshold. Lastly, language needs to be

deleted from subsection (b) to conform to the bidding threshold change. These corrections are being submitted to the chairs today.

Section 5 is a conforming change that reflects the proposed increase in the bidding threshold.

Finally, Section 6 of this proposal would increase the classification threshold for services covered in 4b-93. Currently every contract includes plans and specifications detailing all labor and materials to be provided under the contract. The plans and specifications must have separate sections for particular classes of work, and the bid document must reflect the specific classes of work through the listing of the trade contractor (called "named subcontractors") who will perform the work for the price set forth in the bid documents. DCS recommends increasing that dollar amount from twenty-five thousand dollars to one hundred thousand dollars. Similar to the 4b-91 requirements, the threshold dollar amount of twenty-five thousand dollars was set in 1989 and has become obsolete as construction costs have risen. It is part of the bid documents that if incorrectly completed results in the rejection of the bid. Again, increasing the dollar amount should assist those bidding on our smaller projects who are not as familiar with the state bid processes and requirements. These changes would have minimal bearing on the process and no underlying effect on project costs. This concept would simply add more realistic costs outlays to our bid forms, and allow DCS to refocus administrative staff and resources.

Thank you again for the opportunity to testify. If the Committee has additional questions for my staff please feel free to contact Terrence Tulloch-Reid at (860) 713-5085.

