



Executive Board

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President
David A. Roche

Executive Vice-President
Pete Carroll

Executive Secretary Treasurer
John P. Livingstone



March 17, 2014

Senator Musto, Representative Jutila, and members of the Government Administration and Elections Committee,

My name is David Roche and I am the President of the Connecticut State Building Trades and Construction Council and Business Manager for the Sheet Metal Workers International Association in Connecticut. I am here today in support of Raised Bill 454 - AN ACT INCREASING THE TRANSPARENCY OF GENERAL BIDS FOR STATE CONTRACTS. With passage of this bill we have the opportunity to create a level playing field, to grow our smaller contractors, and to save the State of Connecticut money without sacrificing quality of our publicly funded construction projects.

Today you will hear the pros and cons of this bill, I myself am curious to hear those against it. I am going to guess that most of the opposition will be from larger contractors or contractor associations who will most likely say that it will be more work to manage a project, and that will cause an increase in cost. Some of my colleagues in their testimony will show you that this is not the case, and in fact, this bill will make administering a project easier and more cost effective.

I will try to briefly explain the current bidding process in CT. A construction manager or general contractor will put bid packages together explaining the work that is required to be performed. These packages may include many layers of work that the potential subcontractor does not perform, which requires them to go and get pricing from sub-subcontractors that do that specific work. They take those bids and add that to their bid price along with an additional markup and submit it on bid day. Up to this point the system seems ok. The contracts are awarded to the prime contractor and the impression the awarding authority has is that this contractor, along with his subs which have yet to be named, will be performing the work.

This is the point where the bid wars really start and those prime contractors who were awarded the contract will go back out and ask for pricing again and again trying to get lower pricing. They will use the now lowered bid numbers to make other contractors underbid the supposedly previously awarded bids. This practice is commonly known as bid shopping. If they are successful getting lower bid numbers the difference will go into that contractor's pocket, not used to reduce the overall price of the project to the state. However, if the state required that more packages



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be directly bid to the construction manager or if the subcontractor knew that his bid would be disclosed by the general contractor on bid day, I believe it would create substantial savings to the state.

I have spoken to many contractors, including minority and smaller contractors who are trying to grow their business but who tell me that under the current system they almost always put in an elevated price knowing that they will be asked to lower the price down the road. If they knew that their price would not be bid shopped they could be more competitive and those lower prices would come back to the state.

The other major benefit to this bill is that the state would know exactly who is working on these projects. I have experienced conversations with construction managers where almost right up to the day that a subcontractor was scheduled to start performing work; they did not know who that contractor was going to be. And sometimes, even when they were on the project, the construction manager or general contractor was unaware of who they were. A good example of this was a recent public project in Prospect where we were trying to find out who was performing as a subcontractor to the H.V.A.C. contractor, both of which were licensed trades. After many inquiries to the construction manager who claimed, months after the original bid was accepted, the prime had not yet chosen a subcontractor. Through persistence we discovered, just days before he was scheduled to start on the project, that the chosen subcontractor was not in compliance with the Department of Administration Services requirements. Only because we identified this problem did the contractor get his approval by DAS prior to commencing work, but if we had not been vigilant the contractor would have started work and unknown to anyone, would not be approved by DAS.

This is a bill that will create transparency, a level playing field, and savings for the state of Connecticut by giving an opportunity for contractors to stand on their own and succeed through a fair system.

I hope that you will see the benefits of this bill and I urge you to pass this legislation.

Sincerely,

David A. Roche, President
Connecticut State Building and Construction Trades Council
Business Manager Sheet Metal Workers Local Union #40



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