



The Associated Sheet Metal & Roofing Contractors of Connecticut

Senate Bill 454, An Act Increasing the Transparency of General Bids for State Contracts

Government Administration and Elections Committee

March 17, 2014

The Associated Sheet Metal & Roofing Contractors of Connecticut is an association of commercial, industrial and residential sheet metal contractors employing the skilled craftsmen of Locals #40 and #38 of the Sheet Metal Workers International Union. ASMRCC seeks to provide services that will enhance members' businesses, markets and profitability in all sectors of the unionized sheet metal industry in Connecticut and vicinity.

Senate Bill 454, An Act Increasing the Transparency of General Bids for State Contracts, requires that the classifications of work established for prequalification purposes be set forth in a general bid, or that documentation of secondary subcontracts be submitted with the bid; requires construction-managers-at-risk to list such classifications in their bid; and requires agents of the contracting agency to maintain certain documentation and be responsible for certain contractor violations.

Sheet metal contractors are often at the mercy of mechanical contractors when pricing their bid, despite the fact that the sheet metal portion is a large part of the total subcontract for HVAC work. A mechanical contractor can list a price for the sheet metal work on the contract, and then hold the sheet metal contractor to a lower amount. This creates a windfall profit for the mechanical contractor, and effectively prevents taxpayers from getting full value for construction dollars and deprives them of the full benefits of fair competition.

Senate Bill 454 would bring greater transparency to public construction projects by ensuring that state funds are not wasted and contractors do not cut corners on a job, risking the overall quality and value of the finished product.

ASMRCC supports Senate Bill 454 and respectfully requests that the committee approve the bill because it would:

- **standardize bid packages for public construction** using the DAS prequalification classifications as the guide, utilizing already existing language and systems.
- make the standardized bid packages apply to whatever bidding method is utilized for construction, i.e., General Contractor, Construction Manager, or any other name created in the future.

- **clearly define which contractor is responsible to provide documents, maintain documents, and be responsible for contractor misconduct, i.e., wage violations, worker misclassification, independent contracting, etc.**
- **break up packages into smaller sizes so small and minority contractors have the opportunity to compete on a level playing field, and to allow their bid to be public information in order to eliminate bid shopping by larger companies.**
- **enable contracting agencies to predetermine which packages will be used to meet SBE, MBE and Veteran-owned percentages, and to know those goals will be met before bid date.**
- **eliminate certain licensing issues by showing which packages require licenses as determined by the DAS prequalification classification language and by requiring the contractor to produce proof of possession of that license.**
- **give the Department of Labor more leverage to enforce wage and hour and violations of workers' compensation laws by disclosing lower tiered contractors.**
- **There is precedent and many other states have a similar system in place. From about 1960-1989, standardized bid packages were used on state projects, when the vast majority of a project was performed by only several subcontractors. Today, contractors have become much more specialized in their scope of work and very few contractors employ workers to perform multiple types of the work classifications utilized by DAS prequalification.**
- **save state funds by reducing the number of mark-ups by prime contractors in the original bids, as well as on change orders throughout the project.**

Senate Bill 454 will not create additional work for agencies that administer public construction projects or increase the cost of state projects. Additional reporting of subcontractors will be performed by general contractors when submitting their bids to the agency. Construction managers already administer numerous bid packages for state projects, but there is no consistency on how package elements (trades) are determined.

The bill would reduce the cost of projects by eliminating unnecessary contractor markups for portions of work currently included in bid packages but do not perform and therefore must subcontract to another contractor. Subcontracts can be marked up to include a profit margin for the original contractor and be passed along to the agency (and taxpayers) without any benefit to them. When a change order is necessary on a project the same markups are applied to pass-through contractors at great expense to the state, again with little or no benefit.

Drafting programs today are much more advanced than when the current bidding laws were developed and larger subcontractors coordinated work for smaller contractors. Today, most projects are coordinated by one subcontractor (usually the sheet metal contractor) by integrating the drawings from the other trade contractors.

For additional information or any questions concerning Senate Bill 454, please contact Michael Thompson, Executive Director of ASMRCC, at (860) 413-3188.