

Planning and Development Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1081

Title: AN ACT CONCERNING MUNICIPAL SET-ASIDE REQUIREMENTS.

Vote Date: 3/25/2019

Vote Action: Joint Favorable

PH Date: 3/20/2019

File No.:

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SPONSORS OF BILL:

Committee on Planning and Development

REASONS FOR BILL:

This purpose of this bill is to permit municipalities exemption from requiring towns to prioritize hiring contractors who meet set-aside or affirmative action requirements for municipal State-funded projects that are \$500,000 or less; whereas, under previous statute, the project cost threshold was \$50,000. Some municipalities have reported that the current statutory requirement has caused competition to lessen, which has resulted in increased costs or completion timeframes for projects that were supposed to be cheap and short. This bill will still maintain the factor of diversification, but will increase competition for simple, yet necessary municipal projects.

RESPONSE FROM ADMINISTRATION/AGENCY:

[State of Connecticut Commission on Human Rights and Opportunity:](#)

CHRO opposes SB 1081. Their testimony notes that small and minority owned businesses struggled to compete against larger business, but since recent legislation, the playing field has been leveled. They note that this bill will reverse the recent effort to level the playing field and larger companies will have the greater opportunities, once again. CHRO does not support SB 1081 and believes its passage will be a step backwards for the State.

NATURE AND SOURCES OF SUPPORT:

[Donna Hamzy Carroccia, Advocacy Manager, Connecticut Conference of Municipalities:](#)

CCM appreciates the intent of the bill, but they ask that an amendment be added to provide that the municipal set-aside requirements mirror the requirements under prevailing wage and that they be able to move up or down in concert with the prevailing wage. CCM supports the

set-aside program, but they believe this amendment will provide uniformity and clarity around requirements which will make it more efficient for municipalities to administer set-aside and prevailing wage programs.

[Rudy Marconi, President, Council of Small Towns:](#)

Rudy Marconi, testifying on behalf of COST, supports SB 1081. They are aware of the importance of diversity among public work contracts, but believe the threshold of \$50,000 is too miniscule, and can create confusion and delays for small municipal projects. Furthermore, burdens are imposed on towns because of the current threshold, and necessary projects may be delayed, and smaller contractors may not have the resources to be able to comply with the current law, means projects are only receiving one or two bids, and the lack of competition may affect the quality of the job. A \$500,000 threshold means CHRO can focus on larger projects and allow for increased availability of their staff to focus on the larger projects.

[Scott Shepard, Policy Director, Yankee Institute:](#)

The Yankee Institute supports SB 1081. They believe the passage of this bill will reduce any burdens imposed by the effects the extreme cases of set-aside requirements; cases where the total cost of the project are very small. They support equal opportunity, but the set-aside requirements can increase costs and delay projects. They also believe that allowing town governments to set aside a specific portion of their total construction or transportation spending would be more efficient in fulfilling the goals of set-aside laws. Additionally, the Institute believes that there should be waivers for the requirements if there are no or several bids for certain projects; with no waivers existing, the possibility of market capture and the creation of first-market occupant barriers are viable, and is where monopoly could arise. With this being a possibility, the monopolist labor seller earns windfall profits at the expense of the government, greatly inflating costs of construction for no constructive purpose. The Yankee Institute urges adoption.

[Laura L. Francis, First Selectman, Town of Durham:](#)

The Town of Durham supports SB 1081, they have testified detailing their frustrations regarding the \$50,000 threshold for set-aside requirement contractors. They also note that the town has recently advertised two road projects and anticipates five more over the next two years, and believe the current threshold will impose burdens if it remains the same.

[Joyce Stille, Administration Officer, Town of Bolton:](#)

The Town of Bolton supports SB 1081. The Town states that they laud the effort of diversification, but the current threshold is too small, and results in administrative burdens on the Town. They also note that the Commission on Human Rights and Opportunity do not have sufficient numbers in staff to effectively administer the program, which can cause delays in projects. Furthermore, their testimony quotes the fiscal note from the Office of Fiscal Analysis, which says the current threshold may increase costs for certain public works contracts if potential lowest qualified bidders do not meet the requirements. Additionally, they state that the State Department of Administrative Services has reported project costs may increase when competition is lessened. This competition decrease impacts many municipal projects, and for two recent projects at their schools, the price increased 25% when the set-aside requirements were discussed. The town greatly supports this bill.

NATURE AND SOURCES OF OPPOSITION:

[Sal Luciano, President, The American Federation of Labor and Congress of Industrial Organizations:](#)

Sal Luciano, testifying on behalf of AFL-CIO opposes SB 1081. He states that it is imperative that public work reflects the diversity of our State, and does not endorse passage.

Reported by: Robert Norris

Date: April 1, 2019