

# CONCERNED CONTRACTORS

*of Pennsylvania*

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## TUESDAY'S SENATE HEARING COULD PROVIDE THE ANSWER TO SAVING MILLIONS ON CONSTRUCTION PROJECTS – OR NOT

*School Districts across PA are losing out and wasting taxpayer dollars through their bidding process*

**(Media, PA)** – The new Education Empowerment Act will be amended and voted out of a Senate Education Committee hearing today. The Concerned Contractors of Pennsylvania are anxious to learn if the bill will follow the recommendations of the Governor's Task Force for mandate waivers that were released over a year ago. The Concerned Contractors do not want the waiver program for the construction provisions of the Code (sections 751 and 751.1) renewed when it sunsets in June of 2010.

To illustrate why this is so relevant, one recent example is the Rose Tree Media School District. That school district will save nearly \$2.5 million dollars on an upcoming middle school renovation project by employing four separate contractors rather than a single general contracting company, according to the project's construction manager. In other words, the school district chose to seek use the multiple-prime bid process rather than the single-prime bid process.

The school board accepted bids for the renovation of Springton Middle School using both the single-prime system, which contracts one general construction company, and the multiple-prime system, which contracts multiple specialized companies. After reviewing more than 50 bids for various aspects of the project, the school board selected separate specialized contractors for the project's plumbing, electrical, HVAC, and general construction.

The total cost of the four specialized contractors was \$2.5 million, or 9% less than the total cost of a single general contracting company.

COST COMPARISON OF SINGLE-PRIME VS. MULTIPLE-PRIME	
Cost of single-prime bid	\$29,993,175
Cost of multiple-prime bid	\$27,524,000
Amount saved by choosing multiple-prime process	<b>\$2,469,175 (8.97%)</b>

The Pennsylvania school code requires school districts to use at least four separate contractors for construction projects, however a recent court decision gave school districts the right to apply to waive this requirement in favor of a single-prime contract.

School districts often seek these waivers because they are told by a general contractor or architect that a single prime construction project will be simpler, less costly, and more efficient.

Rose Tree Media applied for a waiver at the recommendation of a letter from Bonnett Associates Incorporated, which claimed that "a single prime contract will allow the School District to significantly increase efficiency, and reduce costs."

Fortunately, Rose Tree Media recognized that the multiple prime bidders offered a significantly lower price, and chose that option. In addition to saving money for the school district, this decision also benefits the economy by providing jobs for highly skilled contractors.

The Concerned Contractors, an advocacy group organized to protect and promote the rights of plumbing, electrical, HVAC and general contractors, applauds the Rose Tree Media School Board's decision to select the more cost-effective multi-prime bid process.

Under the single-prime bid process, a general contractor can use any sub-contractors it wants, regardless of their financial condition or qualifications. When the GC awards subcontracts to un-bonded contractors, the responsibility then goes back to the GC. However, these costs do not seem to be taken into consideration, nor is the public made aware of the risks. In addition, if the GC shops the bids after bid day the school district sees none of those savings.

Single-prime bids will always be more expensive than multiple prime bids because general contractors mark-up the cost of their subcontractors. The Concerned Contractors have encouraged school districts that applied for a waiver to bid their projects both ways to prove the point that they had been misled when they were told that single prime construction is less expensive. The fact is, not one project bid both ways has been awarded to a single-prime contractor.

Dennis Pierce, President of The Fairfield Company said, "Waivers have not resulted in greater efficiency or savings, instead they have cost the taxpayers millions of dollars with the only benefit accruing to the general contractors and architects who convinced school districts to build under the single prime system. Our concern is for maintaining 'JOBS' for local contractors who need the work and want to bid on local projects."

The Concerned Contractors oppose waivers of the school code's construction procurement requirements because they the results are unnecessary extra costs to the taxpayer. The Concerned Contractors do not want the waiver program for the construction provisions of the Code (sections 751 and 751.1) renewed when it sunsets in June of 2010.

### **About the Concerned Contractors**

The Concerned Contractors of Pennsylvania is a coalition of open shop and union shop contractors (plumbers, electricians, HVAC and building trades) that have organized to represent the many small business owners and construction workers across the state. The mission of the coalition is to bring unfair

and needlessly expensive bidding to the attention of the parents, students, school board officials, legislators and the media. For more information on the Concerned Contractors, please visit their website at [www.concernedcontractors.com](http://www.concernedcontractors.com) or contact Linda Rhinehart at [Lrhinehart@wannerassoc.com](mailto:Lrhinehart@wannerassoc.com) or (717) 571-2567.