

CONCERNED CONTRACTORS

of Pennsylvania

FOR IMMEDIATE RELEASE:
November 24, 2009

Contact: Linda Rhinehart
(717) 571-2567
lrhinehart@wannerassoc.com

KENNETT AGREES TO SEEK BIDS BOTH WAYS FOR SCHOOL CONSTRUCTION PROJECT

Could Save Taxpayers Money and Help Local Contractors

(HARRISBURG, PA) - Kennett Consolidated School Board recently announced that it will be seeking contractor bids for its upcoming school construction project using both the single-prime and the multiple-prime bid processes.

On October 13, 2009, Kennett resubmitted its application to the Pennsylvania Department of Education (PDE) for a waiver to seek bids using the single-prime process for the new 102,000 square foot elementary school construction. However, school board officials now report to the Concerned Contractors that they will also seek bids from multiple contractors, utilizing the multiple-prime bid process for the \$30.6 million project.

The Concerned Contractors, an advocacy group organized to protect and promote the rights of plumbing, electrical, HVAC and general contractors, applauds the school board for seeking bids from multiple contractors. Thousands of small business owners will have the opportunity to participate in the local project, rather than only a few large general contractors/brokers being allowed to submit bids.

Gilbert Architects Incorporated, the architecture firm overseeing the project, claimed that the single-prime bid process would save Kennett money in their single-prime waiver application. The firm blamed the multiple-prime bid process for additional coordination costs and extra time incurred at the Kennett middle school renovation previously built by the school district.

However, this argument is misleading as the project was delayed due to misplaced foundation columns by a steel erector. By the project's end, the steel erector became insolvent, and filed suit against the general contractor (GC), which led to the additional costs and time. The school district withheld over \$600,000 of the GC's final payment and a lawsuit between the GC and the school district was pursued. The issues of workmanship only involved the GC and his subcontractor; the other multi-prime contractors were not involved.

Glen Philips of Philips Brothers Electrical Contractors said, "The Concerned Contractors believe waivers for school construction in order to go the single-prime bid route, consistently leads to higher costs. The steel erector situation is only exacerbated under a single-prime process, where the general contractor hires any subcontractor it wants,

Background

The Task Force was established under Act 61 of 2008 to investigate the impact on taxpayers of mandate waivers granted for section 751 of the Pennsylvania School Code. The Mandate Waiver statute provides that school districts may apply to the Secretary of Education for a waiver of certain School Code provisions if the waiver will enable the applicant "to improve its instructional program or operate in a more effective, efficient or economical manner."

The school code's "multiple-prime contractor requirement" is a statutory mandate under which school districts must bid construction projects with a minimum of four prime contracts (e.g., general, plumbing, heating, electrical, etc.) and award a contract to the lowest responsible bidder for each prime contract. Some school districts are seeking waivers so they can avoid this requirement.

Members

Associated Builders &
Contractors Members

American Subcontractors
Association of Central PA

whether it meets qualification standards or bonding requirements."

A Task Force on Mandate Waivers, created to investigate the single-prime bid fallacy, voted to recommend to the legislature to require districts to bid construction projects both ways single-prime and multi-prime. The Task Force found many of the very reasons Kennett listed on their Waiver application as not being factual, yet PDE has continued to approve these waiver requests.

The Task Force report recommended that any and all future waivers of multiple-prime construction issued by the Department of Education should solicit single-prime bids as well as multiple-prime bids, with the district utilizing the least expensive/most responsible bid option.

The organization does not support waivers of the school code's construction procurement requirements because they believe the results are unnecessary construction costs to the taxpayer. The Concerned Contractors hope that when the waiver program for the construction provisions of the Code (Sections 751 and 751.1) sunsets in June of 2010, it is not renewed. "Despite knowing projects that are bid both ways have come in with substantially lower costs, many school districts are requesting the waivers out of convenience and not out of concern for the taxpayer," Philips said.

After seeking bids from both approaches for a middle school expansion, Muhlenberg School board president Otto W. Voit III, said the following in a January 2009, Reading Eagle article, "In the end, the board learned that the single-prime contractor would have cost the district nearly \$200,000 more than the multiple-prime contractors. We saw everything side by side and we were able to make an informed decision for the best of the taxpayers."

The multi-prime bids at Centennial School District's William Tennent High School came in over five million dollars less than the single-prime bids when the School District decided to bid the job both ways this past summer.

In the case of Springfield, PA, a town just twenty miles from Kennett, the taxpayers of Delaware County had to help foot the bill for a \$2.89 million overage on an elementary school expansion. When projects are bid using only the single-prime bid method, the local contractors may have a more difficult time securing the work because the single-prime general contractors may want to use other subcontractors.

Philips added, "The single-prime bid-process is a guessing game for area sub-contractors that are trying to find work. Under this process, I don't know which GC will win the bid, and I don't know when the bids will be shopped. In addition the GC has no legal obligation to select me, even if I am the lowest-responsible bidder. This leads to unqualified lowball contractors getting awarded the job and it makes the bid-process more costly for area businesses."

Under the single-prime bid process, when the GC awards subcontracts to un-bonded contractors, the responsibility then goes back to the GC. However, these costs are not calculated into the final estimate, 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 that savings.

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

American Subcontractors
Association of Delaware Valley

Independent Electrical
Contractors Association
Members, Central PA

I.B.E.W. International Unions

Iron Workers Local 401

Mechanical Contractors
Association of Central PA

Mechanical Contractors
Association of Eastern PA

National Electrical Contractors
Association

PA State Building and
Construction Trades Council

Plumbers Local 690

Sheet Metal Workers Local 19

Steamfitters Local 420

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 or contact Linda Rhinehart at Lrhinehart@wannerassoc.com or (717) 236-2050.

###

