



Response to Single Prime Bid Arguments

Single Prime bids

- **At the last Task Force Meeting, the proponents of Single Prime stated that there are many projects where Single Prime would be much more favorable. However, since the Waiver Program resumed, every project that was bid both ways resulted in Multi-Prime costing less than Single Prime. We provided this data at the last Task Force Meeting.**
- **Mandate Waiver Applications are based on false arguments and opinions. The Line Mountain SD application (similar to the other waiver applications I have seen) claims that Multi-Prime projects cost more because of redundant work, inefficiencies and contingencies added to the estimate price. They claim that contingencies are added to the Multi-Prime bids because contractors don't know who they will be working with or how efficient the coordination process will be. If all these costs are being added to Multi-Prime bids, why were last week's Multi-Prime bids at Line Mountain less expensive than the Single Prime bids? The School District's arguments don't hold water. Multi-Prime has proven itself to be the lower cost method on every Mandate Waiver project bid both ways over the past year.**
- **We have been told that when a project is bid both ways there is no incentive for the MEP contractors to bid the jobs to the Single Prime Brokers. What does that statement tell you about the business practices of the Single Prime Brokers toward their subs?**
- **Hollidaysburg Sr. HS was initially bid as a Single Prime project and it came in over budget. The School District re-bid the job as a Multi-Prime project and saved over 5 million dollars (Multi-Prime was 14.8% less than the Single Prime Bid). How much did the other school districts who only bid Single Prime over pay for their projects? We will never know.**

Department of Education Interviews

- **We do not see the point in the Dept. of Education's interviews of School Districts. School Districts that applied for and received waivers are not going to acknowledge that a Single Prime project wasted the taxpayers money.**
- **Architects and School Districts only have experience with their own projects. If their designs have errors and omissions and the management of the project is poor, then they are going to have problem jobs, change orders and claims regardless of the bid method.**
- **We heard the argument that School Districts should be free to make their own business decisions. The recommendations of this Task Force shouldn't be based on what is the easiest or most convenient contracting method for the School Districts to administer, it should be based on the best interest of the public. The School Districts pay the bill but they are using our tax dollars. We could eliminate claims and change orders entirely if we just did every job Time and Material. This would make life very easy for the School Districts and the Architects, but it would not be fair to the taxpaying public. Therefore the bidding process needs to be fair and open to all qualified, bonded trade contractors, not just the few well financed Single Prime Brokers.**

Single Prime Liability

- **We were told that Multiple Prime contracts equal multiple liability. We disagree. Multi-Prime contracts diversify the Owner's risk and limit liability. A prudent investor doesn't put all his eggs in one basket or with one Single Prime Contractor.**
- **Each Multi-Prime contractor is qualified and holds a bond. If a contractor goes bankrupt on a Multi-Prime project, the other contractors continue with their portions of the project while the bonding company for the bankrupt contractor moves in and takes over their work. The impact to the project can be minimal.**
- **What happens when the Single Prime contractor goes bankrupt? Everything grinds to a halt and the School District is exposed to claims from every unpaid subcontractor and supplier whose payment was strung out for months by the faltering Single Prime contractor.**
- **Multi-Prime contractors have incentives to police the quality and progress of the project. This critical check and balance is swept under the rug with Single Prime.**



High Multi-Prime

- **Several of the Single Prime public comments at the last Task Force meeting were favorable toward High Multi-Prime projects. High Multi-Prime projects were defined as projects using larger numbers of contractors (12 or more contractors). Low Multi-Prime contracts were defined as breaking the project down into the traditional 4 primes.**
- **We do not object to High Multi-Prime contracts. In fact, we support them for the same reasons that we support the more traditional Low Multi-Prime projects.**

Objection to DoE Comparison Projects

- **The Department of Education Project Comparisons are flawed.**
- **There are far too many variables to obtain an apples to apples comparison between any 2 projects.**
- **Even if 2 projects are of a similar size and built in the same area, the comparison is a pointless exercise without unbiased analysis, verification of allowances, credits, change orders, design error and omissions, construction management's performance, weather conditions, strikes, bankruptcies, etc., the list of factors that impact a jobs cost and progress goes on and on.**
- **The only credible data and comparisons in this debate comes from bidding projects both ways.**
- **Bidding the project both ways should be a mandatory requirement for school districts seeking a waiver. School Districts should be required to prove the savings not just provide opinions about cost savings.**

PA Cannot Afford Single Prime

- **A newspaper article last week reported that the jobless rate soared to a 14-year high of 6.5 percent and the nation's ranks of unemployed zoomed past 10 million, the most in a quarter-century, with new job losses totaling 240,000. Politicians and economists agreed on a painful bottom line: It's only going to get worse.**
- **We do not want Single Prime contracting to take jobs away from PA workers and companies and give them to large out of state Single Prime Brokers and their subs. Keep PA tax dollars in PA.**
- **During the recent bailouts, we all heard about the financial giants who were too big to allow to fail because that would cause the whole financial system to collapse. Now we are hearing the same talking points about General Motors, Ford and Chrysler which employ millions and are important to our national defense.**
- **The question is, does PA want to create an atmosphere where there will only be a few big Single Prime Brokers and Architectural firms? Bid rigging and corruption are rare because of the high level of competition on Multi-Prime projects and the open and fair bidding system. Multi-Prime has served PA well for nearly 100 years.**