



July 29, 2014

Presentation to the Construction Contracting & Bidding Transparency Working Group

Commissioner DeFronzo, distinguished panel members, guests and observers:
My name is David Hunt; I am President of The Berlin Steel Construction Company.

The Berlin Steel Construction Company has been a Connecticut based Construction Company for 114 years with headquarters in Kensington. We have performed thousands of construction projects in this State and in many other states over the years. We are largely a specialty contractor utilizing union trade labor to furnish structural steel and miscellaneous metals to Construction Managers. Our work is typically referenced as “Division 5” in Construction Specifications Institute’s listing.

I support any procedure that would eliminate the potential for the unfair practice of bid shopping, or bid sharing, for a variety of reasons which are as follows:

- The Connecticut public deserves the best value for the construction projects of public assembly buildings, schools, and other service facilities.
 - The current system encourages only low price, and to gain an advantage to win projects, some Construction Managers go to extreme measures to drive price lower, often by assisting a subcontractor who was not involved in the original bid process, but is then “coached” and “steered” to provide a lower price later, as the Construction Manager supplies them with all the knowledge and pricing gained from those subs who did provide responsive bids. Lower price obtained this way can lead to lower quality, sub-par materials, latent defects spawned from shortcuts, and future problems for the tax payers to remedy, as this naïve subcontractor scrambles and tries to perform a project with less than adequate funds.
 - Conversely, Construction Managers who would name their select subs from those who provided responsive bids on time will deliver best value to the public. This named team would be chosen from the pool of qualified and self-informed bidders and the Construction Manager would be afforded the opportunity to properly vet the subs that entered the process with “eyes wide open”. These bidders would know the scope of the project, and any special nuances discovered in the bid process could be accounted for.

THE BERLIN STEEL CONSTRUCTION COMPANY
76 DEPOT ROAD, PO Box 428, KENSINGTON, CT 06037
(860) 828-3531 FAX # (860) 828-8581
www.berlinsteel.com
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- A system that encourages fairness will draw out more of the best subcontractors, many of whom presently refrain from bidding due to the post-award maneuvering, sparing themselves of the cost to prepare a public bid which can be several thousand dollars per million in project value.
- The public will benefit by receiving the best price and value for a given project. The present system provides little incentive for a subcontractor who is bidding to a Construction Manager to provide their best price on the bid date. Knowing that there will be further negotiations and possible “shopping” of prices after the award, the Construction Manager is likely to receive inflated pricing. The successful Construction Manager, using the detailed information supplied by the responsive bidders, may then go “shopping” for a lower price, or even for another subcontractor who was not involved in the bidding, and may negotiate a price with another subcontractor who will agree to a lower price which then provides a big windfall for the Construction Manager when compared to the price they carried into the bid.
- The public, including Connecticut based subcontractors, are entitled to fairness and transparency. The present system encourages a negative creativity that runs too close to, or outside the boundaries of acceptable ethics. I believe that there is a reasonable and sensible system that would ensure transparency and provide for wholesome competition, best value, best quality and best price. It would also reduce the in-fighting and legal battles that ensue when lack of clarity and alleged deceit arises from the loose procedures of the present. Contrary to the arguments of those opposed, this new system could be designed to be simple for a Construction Manager to administer, and would assist in leveling the playing field for the many very good and ethical Construction Managers in our State.
- Although there may be a modest cost to implement a system of transparency and fairness, I do not believe that it is just to emphasize this as a negative outcome, without also a complete understanding of the potential negative outcomes that exist presently, but are latently hidden and unrevealed in a system with little transparency.