



02/29/2024

To: Senate Committee on Education

RE: S.167 Section 1- Public Bidding

The Associated General Contractors of Vermont (AGC/VT) is the largest trade organization for contractors and construction workers in Vermont. We provide industry specific training, Occupational and Safety Health Administration (OSHA), Mine Safety and Health Administration (MSHA) certifications and are home to nationally recognized safety program. Our 200+/- members employ 15,000-20,000 in Vermont annually with careers offering wages and benefits well above Vermont's livable wage. Our members work directly with state agencies including the VTRANS, Building and General Services and Department of Labor to enhance delivery of service to the state.

AGC/VT is pleased to hear that Vermont is exploring school construction as it's a necessary component of our state infrastructure. The physical conditions of schools and recent hazards discovered show that it's time to invest in these critical institutions. In addition to providing a safe and inviting place to learn, school construction would allow districts to employ more technologies for programs and design to Vermont's building energy standards that will help us in our quest to reduce carbon.

The increase in the threshold from \$500,000 to \$2,000,000 to the "High-cost construction contracts" seems to be appropriate to account for modern inflation. The other requirements of the section include marketing timing, and disclosure of prequalification requirements. This process is known largely as the closed low bid process. The process is intended to get the lowest price, without sacrificing quality, and the public nature of this process keeps it open and inclusive. While this process was the best in past years the market has changed, and now it results in less bids with higher prices. This change occurred as the inflation of building materials and shortage of labor has developed in recent years creating risk.

Many commercial construction companies now will no longer bid on a closed low bid project. The reason many are reluctant to low bid is that they are locked into those rates that were proposed and there are often major time delays between estimation and procurement. Additionally, bids have been coming in significantly higher than the original project estimates by engineers or architects and the jobs are cancelled by their owners which is a major waste of time to bidders.

AGC/VT would recommend that the Agency of Education consider whether to adopt a "construction management" procurement process for high-cost construction contracts. This process still involves a request for proposal process and determination of qualifications but creates a partnership between the owner, designer, and construction process. It creates an opportunity to address inflation, changes during the project phase and protects both parties from design issues and delays.

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