

Meriden: Maloney bids are running high

Dan Brechlin | Posted: Tuesday, March 19, 2013 11:54 pm

MERIDEN — City officials expressed concern over construction costs for the Maloney High School renovation project after a second round of bids were opened Tuesday morning.

Bids on various aspects of the project, such as steel and electrical work, consistently came in higher than expected for the estimated \$107.5 million project, which involves demolishing a wing, building a new one and fully renovating the inside and outside of the school. Similar work is planned for Platt High School across town.

As part of the competitive bidding process, contractors submitted sealed bids for specific parts of the renovation, including HVAC, plumbing and drywall work. Bids for six categories of work were opened Tuesday, while bids for 17 other items were opened last week.

The latest round of proposals remained secret until Tuesday. The lowest bidder is typically chosen, though officials with Gilbane Inc., the construction manager, will determine whether each bid is responsible and the bidder has a credible track record.

Of the \$107.5 million set aside by the City Council for the project, \$73,003,047 will cover construction expenses and \$2 million will cover abatement. The total of the lowest bids Tuesday was \$39,589,742. Added to the sum of last week's lowest bids, just over \$42.7 million, the construction costs would total \$82,332,895. The millwork and casework bids are scheduled to be opened next Tuesday.

“We are concerned,” said Assistant School Superintendent Michael S. Grove. “We are also confident that the construction manager and the designers (Fletcher Thompson) are going to figure a way to get this at the right price.”

There are a few options to help decrease the cost of construction, said School Building Committee Chairman Matthew C. Dominello Sr. Among those are putting portions of the project back out to bid in the hope of getting more competitive prices.

“Some of them were a little higher than we expected,” Dominello said. “We are going to be meeting tomorrow and the rest of the week with (Gilbane and Fletcher Thompson). Maybe something in the scope of the project was misunderstood by some bidders. That is (Gilbane's) responsibility to determine ... We want to make sure they know what the process is. I don't want to see any overbidding.”

Gilbane was hired by the city on an “at-risk” basis, meaning the company is responsible for finishing the projects on time and on budget.

Officials will also be sorting through alternate bids, which would allow officials to opt for higher quality materials in some cases, or lower quality if they were needed to save money. For example, multiple contractors submitted alternate bids that could save money by opting for a different fire alarm manufacturer.

Of all of the construction items, heating, ventilation and air conditioning will likely be among the costliest. Hamden-based Pipeology submitted a low bid of \$13.66 million. The other bids ranged from \$13.97 million to nearly \$14.5 million.

Gilbane had estimated HVAC costs at \$12.8 million. The lowest bid opened Tuesday was roughly \$800,000 more than that.

Electrical work will also prove costly, with Ducci Electrical, of West Hartford, bidding the lowest at \$8.1 million, and the rest running from \$8.36 million to just under \$9 million.

But the lowest bid for electrical work is still more than \$1 million more than what Gilbane had estimated.

It remains unclear what is driving the higher costs, said City Manager Lawrence J. Kendzior, who said he shared the concerns expressed by Grove and the deputy mayor, Dominello. He added that the number of bids is also lower than expected.

“There could be several reasons for this, including the timing of the bids, the number of other large construction projects out to bid in the same approximate time frame, the size and complexity of the project and the fact, whatever the cause, that there were no bids from non-union firms,” Kendzior said in an email, noting that the issue will continue to be looked at.

“It has been very infrequent, if at all, that bids have come in over estimates in the last few years,” Kendzior added. “At this point, the bids are still being examined ... to determine the best means by which to bring the project costs to the amount of the funds available.”

The renovations are being done under a project labor agreement, which directs most of the renovation work to union workers and sets a goal of hiring 30 percent of the contractors locally. Though non-union contractors are allowed to bid on the project, Kendzior confirmed that only union contractors had placed bids.

City Purchasing Officer Wilma Petro last week said the PLA likely discouraged some bidders, causing less competition. Fewer bids could result in higher cost to the city.

When the city built Edison Middle School and Lincoln Middle School, the projects were not done under PLAs. Though Dominello did not recall exact figures, he said he remembers a higher number of bidders on several aspects of work.

Twenty-three of the 24 categories put out to bid so far have failed to attract more than five bidders. Painting, glasswork and drywall work attracted two or fewer bidders. Most categories opened Tuesday had at least four bidders.

Dominello said those working on the project will continue to weigh their options this week. The final bids, for millwork and casework, are scheduled to be opened next Tuesday at 11 a.m.

Now what? Maloney bids are way over projections

Dan Brechlin | Posted: Saturday, March 23, 2013 9:17 pm

MERIDEN — The low number of bidders and higher-than-expected bid amounts for renovation work at Maloney High School left city officials scratching their heads and searching for answers last week as to what could have gone wrong.

The project cost of \$107.5 million is one that city officials have said they have no desire to increase. That the bids on aspects of the project including site and electrical work have come in higher than expected leaves officials looking to find a way not to go over budget.

The Maloney project is similar to the one at Platt High School. It includes demolishing a wing, building a new wing and fully renovating the inside and outside of the school. To ensure the lowest costs, sealed bids were submitted by contractors and the lowest bidder is typically awarded the contract.

The contractors are being vetted by Gilbane Inc., the construction manager. Gilbane officials are charged with making sure each low bidder has a credible track record and that responsible bids were submitted.

Of the \$107.5 million set aside by the City Council for the project, \$73,003,047 is to cover construction expenses and \$2 million to cover abatement. However, the total of the lowest bids is \$82,332,895. One bid package, the mill and casing work, remains and will be opened Tuesday.

The lowest bidder on masonry work, Joe Capasso Mason Enterprises, has already sent the city a letter seeking to withdraw its bid, citing a “mathematical error.” The Middletown-based company had submitted a low bid of \$9.68 million, nearly \$1.5 million below the closest bidder, bringing potential construction costs to nearly \$84 million.

Though city officials will continue to work with Gilbane over the next several days, City Manager Lawrence J. Kendzior said there are likely a number of issues contributing to the higher-than-expected bids.

“At this point, the bids are still being examined by the architects, construction management firm, the program management firm and city and Board of Education staff to determine the best means by which to bring the project costs to the amount of the funds available,” Kendzior told the Record-Journal last week.

City Council Majority Leader Brian Daniels said he didn’t want to speculate on the reason for the unexpectedly high bids until the building committee had studied the issue further.

The labor agreement

The renovations are being done through a project labor agreement between unions and the city that directs most of the contracts to union workers, though non-union contractors are allowed to bid. In exchange, the agreement sets a goal of hiring at least 30 percent of workers locally and prevents work stoppages and labor disputes.

The project labor agreement, or PLA, was heavily debated by city officials, with Kendzior among those who disagreed with using one. Many argued that a PLA would raise project costs and discourage non-union firms from bidding.

Nearly all the bids for Maloney came from union firms.

Robert LaRosa, chief executive of Meriden-based LaRosa Building Group, said he wasn't interested in bidding on the project because of the PLA.

"There's no doubt in my mind the PLA would have contributed to some of the cost overruns," LaRosa said, noting that there could be other factors as well. "As a taxpayer, I'm not happy with the bid process because the lowest cost would undoubtedly come from the most competition on the project."

The lack of non-union bids was seen in a shortage of bidders on many aspects of the project. Masonry, painting, glass and glazing, site and drywall work all had three or fewer bidders. Officials had expected up to 10 in some cases. The lack of non-union bidders frustrated David Roche, president of the Connecticut State Building and Construction Trades Council.

"It disappoints me. They say they want to bid and the next time they say, 'Well, we can't bid these projects,' " Roche said of non-union firms. "They are perfectly welcome to bid these."

Lelah Campo, who represents non-union or "open shop" contractors, disagrees. Campo is the president of the Associated Builders and Contractors of Connecticut.

"The terms of that contract means open shops are unable to compete," Campo said. "When they do this contract, while legally open shops can bid, in reality they cannot bid."

David Cadden, professor of management at Quinnipiac University's School of Business and Engineering, agreed that the PLA makes it difficult for non-union contractors to compete in the bidding process.

"Because of restrictions associated with a PLA, profit margins are sometimes not that high," Cadden explained. "Or if they do get (the contract), because of the restrictions and use of union personnel, costs are going to go up."

Cadden said there are benefits of using a PLA, but they can be ambiguous. There are examples of PLA projects being completed on time and under budget and those that are not, he said. If non-union contractors do bid, they may also be inclined to bid high just because they might "not be too enamored" with the project.

Wilcox Technical High School on Oregon Road is undergoing a schoolwide renovation project without using a PLA. Bids for the nearly \$80 million project were opened in November 2011. The work drew both union and non-union bidders. The bid packages had as many as seven bidders in some cases. There were no more than five for each part of the Maloney renovation project.

City Councilor Steven Iovanna was among those who opposed a PLA. As an architect for Meriden-based BL Cos., Iovanna has experience in the construction business.

“I think that the PLA clearly is discouraging open shop, non-union contractors from bidding on this work,” Iovanna said, though he did not rule out other potential factors. “I think that shows up in the small number of bidders in each of the sections. A smaller number of bidders means less competition, which means higher prices.”

If non-union bidders were discouraged, it would significantly shrink the pool of available contractors. Union contractors make up close to 20 percent of all contracting companies across the state, according to Department of Labor statistics.

The volume of bids received for the Maloney project could depend on a number of factors, Kendzior told the Record-Journal last week. He pointed to the timing of the bids, other major projects being bid on across the state, the size and complexity of the Maloney project and the lack of non-union bids.

“We will be looking at all factors that could have impacted the bids,” Kendzior said. “It has been very infrequent, if at all, that bids have come in over estimates in the last few years.”

The estimates

The number of large construction projects in the state has increased over the last few months. Bids were opened for an \$80 million Naugatuck High School renovation project last month. The Platt High School project is also supposed to go out to bid in the next few months. Maloney was initially supposed to go out to bid in November.

City Purchasing Officer Wilma Petro said she was in the process of researching other projects around the state, but had not completed the studies. Petro agreed that there could be several factors, including the PLA, but did not have enough information to make a determination yet.

The low number of bids and higher-than-anticipated costs jumped out at John Butts, executive director of the Connecticut Construction Industries Association. But Butts was hesitant to point to any direct connection.

“It could be that the estimates were low and the pricing we’re seeing now is the real pricing,” Butts said. “Or they were accurate and something else is going on.”

In nearly all aspects of the project, Gilbane’s estimates were lower than the bids that came in. Masonry work, with a low bid of \$11.2 million, was expected to come in at \$5.85 million, according

to a Gilbane construction estimate in May 2012. Several other aspects were off by several hundred thousand dollars or more than \$1 million.

The City Council voted in favor of a PLA two weeks after the final estimates were presented to the School Building Committee. Kendzior said there have been some changes in the estimates, but they were “in the same range” as the May 2012 estimates.

Roche said the Gilbane estimates are right where he expected them to be.

“You probably see the material costs have gone up a little bit since then,” Roche said. “But it’s pretty close.”

A study done by the Beacon Hill Institute at Suffolk University in 2004 examined the cost of public school construction in Connecticut and weighed the issue of PLAs. Though union representatives have argued the study was compiled by a conservative group, it determined that a PLA could drive up costs on a project by \$30 per square foot.

The Maloney project comes to 284,825 square feet, or \$377.42 per square foot. If the project cost increased by \$30 per square foot, it would tack more than \$8.5 million onto the overall price tag.

With construction bids far higher than expected, city officials must now decide with Gilbane on the best course of action. Gilbane was hired by the city on an "at-risk" basis, meaning the company is responsible for finishing the projects on time and on budget.

School Building Committee Chairman Matthew C. Dominello Sr., who expressed concern about the high costs, said it is likely some aspects of the project could be bid again. Campo speculated that they would have to be re-bid or the city would have to go with value engineering. Value engineering would mean using lower quality materials throughout most of the project.

Gilbane “is going to have to have a recommendation for me so I can present it at the next (committee) meeting,” Dominello said.

The next meeting is scheduled for April 6 at 7 p.m. A full report, including possible next steps, is expected.

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Meriden officials try to keep Maloney project moving

Dan Brechlin | Posted: Monday, March 25, 2013 11:45 pm

MERIDEN — Board of Education members are keeping a close eye on developments in the bid process for planned renovations to Maloney High School after bids from contractors came in higher than expected, which could lead to cost overruns and delays.

Over the last two weeks, city officials have opened sealed bids from contractors vying for work on the \$107.5 million project. The lowest bid from a qualified firm, as determined by construction manager Gilbane Inc., is typically the one chosen. The sealed bids help to ensure the lowest possible cost for the project.

Bids for all but one of 24 portions of the project have been opened so far, revealing higher-than-expected costs. The project includes some demolition and new construction, as well as renovation of the interior and exterior of the school. Masonry work, which had a low bid that was double what Gilbane was expecting, has already been sent out for re-bid in hopes of attracting more competition among contractors and ultimately lower costs to the city.

The high cost and low number of bidders had city officials weighing their options last week. Board of Education President Mark Hughes said he had some concerns, but is hoping the issues will be sorted out.

“Every project has some bumps in the road and you have to manage to make it work,” Hughes said. Gilbane and architect Fletcher Thompson “will have to move forward the best that they can. It’s unfortunate this wrench has been thrown into the works.”

School board member Robert E. Kosienski Jr. expressed some of his own reservations about the project.

“I would express the same concerns that our city officials have had ... I’m hopeful and optimistic, but we need to see these done in a reasonable timeline,” he said. Kosienski was referring to concerns expressed last week by City Manager Lawrence J. Kend zior,

Assistant School Superintendent Michael S. Grove and School Building Committee Chairman Matthew C. Dominello.

The bids for the project were supposed to go out in November, with construction beginning by late December 2012 or early January this year. Delays at the state level resulted in an expected construction start in April, before the latest issues with bidding.

“Hopefully (city officials) can look to see what can be done to not hold this project up,” Kosienski said, noting that similar work is scheduled for Platt High School. “These need to get done.”

Gilbane had estimated construction costs at just over \$73 million, along with \$2 million for abatement costs. Of the 24 aspects of the project contractors can bid on, bids for 23 have been opened. The total of the lowest bids had amounted to more than \$83.8 million.

Because the costs were not “really in the ballpark” of what was estimated, Hughes said the process

should be reopened.

“I hope we open up the process again and see where we can get the lowest qualified bidders,” Hughes said, echoing Kosinski. “Time is of the essence.”

Hughes added that he was upset that the lowest bidder on masonry work, Middletown-based Joe Capasso Mason Enterprises, withdrew its low bid of \$9.7 million. The contractor cited a “mathematical error” as the reason for withdrawal.

“I was just surprised somebody committed themselves to being the low bidder, then bailed,” Hughes said. “I’m a little bit disappointed.”

The project is being done under a project labor agreement, or PLA, which directs most of the renovation work to union contractors and sets a goal of hiring 30 percent of the contractors locally. Some have pointed to the PLA as a reason the project could be more expensive.

“I really don’t know; I’d like to be able to look into that magic ball to see what the bids would have been,” Hughes said.

Kosinski said he was still optimistic about the final outcome.

“We want to make sure they are incredible schools and make sure we do it right,” he said. “As the old saying goes, measure twice and cut once.”

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New bids sought on masonry work at Maloney

Dan Brechlin | Posted: Monday, March 25, 2013 10:43 pm

MERIDEN — Facing higher-than-expected bid proposals on the Maloney High School renovation project, city officials have opted to re-bid one of the more expensive aspects of the project.

The city received only three bids to perform the masonry work on the \$107.5 million Maloney renovation plan. Each of the bids was well in excess of the \$5.85 million cost estimate. All three contractors had submitted a sealed bid for a portion of the renovations in hopes of being the lowest qualified bidder.

As long as the lowest bidding firms are qualified, which is determined through a review by construction manager Gilbane Inc., they are typically awarded the contract. The secret bids help to ensure the lowest possible cost for the project.

The lowest bidder on masonry work, however, dropped out of the bidding process after the bids were opened March 12. Middletown-based Joe Capasso Mason Enterprises submitted a low base bid of \$9,678,000 to perform the work. The same firm was selected for work on the construction of Thomas Edison Middle School in Meriden during the 1990s.

But city Purchasing Officer Wilma Petro said the company told city officials its bid for Maloney was too low, citing a “mathematical error.” The mistake left the city with just two bids on one of the most expensive portions of the project. Acranom, of Hartford, submitted a proposal of \$11.2 million and Connecticut Mason, also of Hartford, bid \$11.8 million.

Early last week School Building Committee Chairman Matthew C. Dominello said there was a possibility that some parts of the project would have to be re-bid. On Saturday, a legal notice appeared in the Record-Journal with the city again inviting contractors to bid on the masonry at Maloney.

“Right now it is the only thing rebidding,” Petro said Monday.

In total, there are 24 separate portions of the project. Of them, 23 have been bid on with the lowest bidders totaling about \$83.8 million. Gilbane had estimated construction costs at just more than \$73 million, along with \$2 million for abatement costs.

Bids will be unsealed today at 11 a.m. at City Hall on the final portion, mill and casing work.

The scope of the masonry work hasn’t changed from the previous invitation to bid, which was sent out in early February. Re-bidding the work could lead to lower bids or more competitive bids, officials said.

Last week, some suggested the use of a project labor agreement could have adversely affected the number of bids and amount of competition. The PLA directs hiring through trade unions, while setting a goal that at least 30 percent of the project is done by local workers, among other provisions.

Nearly all of the bids that came in on all aspects of the project were from union contractors, an issue City Manager Lawrence J. Kendzior said last week city officials would be studying further.

In order to bid on the work, contractors are required to be on the state's pre-qualification list. According to state data, there are 52 approved contractors based on their ability to perform previous work of similar size. It is not clear of the 52 how many are union and non-union.

The masonry bids are due by April 4 at 11 a.m. according to the legal notice. There is also a School Building Committee meeting that day at 7 p.m.

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'Forget the taxpayers'

Eric Cotton | Posted: Wednesday, March 27, 2013 1:10 pm

The staff at Meriden City Hall said last week they were still trying to figure out exactly why bids for the Maloney High School renovation project came in about \$10 million higher than expected.

But I suspect they already have a pretty good idea. And it's really not their fault.

City Manager Lawrence Kendzior and Purchasing Officer Wilma Petro strongly advised city councilors last spring not to sign a collective bargaining agreement giving trade unions the ability to refer workers and negotiate terms and conditions for the Platt and Maloney high school projects. They said a project labor agreement or PLA, as it's known, would likely make for a less competitive bid process and drive up costs because non-union companies would be discouraged from bidding. You'd be narrowing the field down to unionized contractors, which only represent about 20 percent of the industry, at a time when most construction companies - union and non-union alike - are still hungry for work.

Unfortunately, six city councilors and the mayor chose to ignore that advice.

So now, a year later, we find that the first two rounds of bidding for Maloney weren't very competitive, with union shops submitting bids much higher than estimates. Only two companies bid on painting, for example. Drywall also attracted just two bids, as did glass and glazing. No single item attracted more than five bids. The low bid for masonry came in at \$11.2 million - almost double what the construction manager expected.

Estimates are rarely so far off.

But it shouldn't come as any surprise. On the night of the City Council vote, Kendzior warned councilors in no uncertain terms what support for a PLA would mean.

"The data shows school construction projects done with a

PLA have a higher cost," he said. "From a staff position," he said, doing the project without a PLA

"is the most effective and least likely to be legally challenged. We can set hiring goals within the bid packages and shape them so smaller companies in Meriden are able to compete."

There was simply no need for a PLA from the perspective of the city's professional staff. But councilors like Democratic Majority Leader Brian P. Daniels, the biggest proponent of the PLA, and Mayor Michael S. Rohde, who broke the 6-6 tie in favor of the agreement, seemed to place the trade unions' interests above the interests of the average Meriden taxpayer.

Daniels went so far as to criticize fellow Democrat Steve Iovanna's decision to oppose the PLA.

"If you go back and look at the statements by Councilor Iovanna on the floor, there's not one legitimate concern that showed he should have voted against it," Daniels said at the time.

But Iovanna, an architect with Meriden-based BL companies, has said that in his experience PLAs drive

up costs. Democrat Matt Dominello, longtime chairman of the School Building Committee, agreed with Iovanna and took issue with Daniels' statement that councilors had a responsibility to side with party principles when a vote gets close. Dominello said other concerns, such as the effect on taxpayers, can outweigh party allegiance.

"Just because you're in politics for the party doesn't mean you have to vote that way all the time," Dominello said at the time. "What kind of system is that? That's saying forget the people, forget the taxpayer."

As you can see from the Maloney bids, that's exactly what some Meriden politicians did.

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