



## Building Jobs4Colorado Coalition

[www.buildingjobs4colorado.com](http://www.buildingjobs4colorado.com)

### PLEASE SUPPORT BILL SB 116 Public Contracting Jobs Protection Act Sponsored by Senator Kopp & Representatives Rice & Priola

**Building Jobs4Colorado** is a broad coalition of construction industry owners, general contractors, sub-contractors and sub-sub contractors across Colorado that represents more than 1,500 companies and tens of thousands of Colorado citizens.

#### ***THE PROBLEM***

Unemployment in the construction industry is currently about 23% -- nearly four times the state average. Because of stimulus dollars, public works projects are just about the only source for new jobs in the construction industry. However, current contracting practices by some local governments, for additional directed work, have the effect of delaying cash flow to construction firms during a project, making it difficult to keep workers employed.

The *Public Contracting Jobs Protection Act* is a pro-small business bill seeking to improve the process for additional directed work, and **save jobs in Colorado**.

- Contractors must pay upfront labor and materials costs for any additional work performed under a “**change order**” — a material change in the scope of the original bid.
- Some local governments routinely delay – for many months and sometimes even after the project is finished – the negotiations for payment for that additional work.
- The payment delay between when additional work is directed (“change directive”) and a change order is signed, creates cash flow issues for contractors. Contractors rely heavily on consistent payments to pay employees and suppliers. Inconsistent payments jeopardize jobs.
- Without consistent cash flow, new projects cannot be bid, workers cannot be retained and new equipment and materials cannot be purchased.

Colorado has already declared delays in construction contracts with public entities a matter of statewide concern. Existing Colorado state law prohibits a public entity from requiring additional work on a construction project without first appropriating the funds to cover the costs of additional work (CRS 24-91-103.6). However, nothing in current statute requires the contractor to be reimbursed on a periodic basis for the costs of the additional work.

#### ***THE SOLUTION***

SB 116 would extend that existing law to require that a public entity reimburse the contractor for its costs for all additional directed work performed until a final change order is signed. No reimbursements would be made until the contractor submits its cost estimate for that work.

Ensuring that contractors are paid on a timely basis for change directive work would be a great stimulus for the construction industry, the **economy** and would help to keep Colorado workers **employed**.



## Coalition Supporters

American Council of Engineering Companies of Colorado (ACEC)  
Associated Builders and Contractors, Rocky Mountain Chapter (ABC)  
Association Plumbing, Heating and Cooling Contractors (APHC)  
Associated General Contractors of Colorado (AGC)  
Building Owners & Managers Association (BOMA)  
Colorado Association of Mechanical and Plumbing Contractors (CAMPC)  
Hispanic Contractors of Colorado (HCC)  
Independent Electrical Contractors-Rocky Mountain Chapter (IEC)  
Independent Electrical Contractors-Southern Colorado Chapter (IEC)  
Mechanical Contractors Association of Colorado (MCA/C)  
NAIOP, The Commercial Real Estate Development Association  
National Certified Pipe Welding Bureau (NCPWB)  
National Electrical Contractors Association, Rocky Mountain Chapter (NECA)  
National Electrical Contractors Association, Southern Colorado Chapter (NECA)  
National Federation of Independent Business (NFIB)  
Plumbing, Heating and Cooling Contractors (PHCC)  
Heating, Air Conditioning & Refrigeration Professionals (HARP)  
Sheet Metal and Air Conditioning Contractors National Association, Colorado Chapter (SMACNA)

## Construction Project Lifecycle

