



## Reform Procurement Policy to Improve Delivery of Construction Services

### Background:

- NECA supports legislation that would help increase opportunities for small businesses, prevent government waste and fraud, and provide a framework for growth in the construction industry.

### Key Points:

- *Establish a Statute of Repose for Federal Construction Projects.* NECA supports establishing a reasonable (six year) federal statute of repose for latent defect claims. Construction contractors face a substantial degree of liability exposure well after the completion of a job. Statutes of repose bar actions against contractors following the completion of services after a reasonable period of time.
- *Reform the Administration of Change Orders.* Slow processing of change order requests by public project owners, coupled with slow payment for extra and changed work, are major problems threatening project success and contractor viability.
- *Support Bid Listing to Ensure Transparency in Federal Construction.* Bid shopping and bid peddling are unethical business practices that threaten the integrity of the competitive bidding system. Requiring bidders to list the subcontractors to be used in their bids (bid listing) will significantly reduce the practice of bid shopping and bid peddling on federal construction jobs.
- *Prohibit Utilization of Reverse Auctions for the Procurement of Federal Construction Contracts.* Reverse auctions rely solely on driving the price of a good or service to an absolute minimum and awarding the contract to the lowest bidder, undoing years of progress in “best value” contracting. Relying solely on price requires cutting costs in the materials and/or labor, ignores the importance of quality construction and consideration of life-cycle costs, and creates a race to the bottom.
- *Ensure Payment Protections for Construction Subcontractors and Suppliers Performing under Public-Private Partnerships (P3) on Federal Construction Projects.* Unlike traditional methods of procurement, under a P3 the public entity signs a contract with a private partner. The public entity commits funds to repay the private partner, plus a profit, over a period of time ranging from 30 to 99 years. Even though procurement methods have evolved—construction remains a risky business, making the protections that surety bonds provide for taxpayers’ investments and payment guarantees for subcontractors and suppliers just as crucial in P3s.

### NECA Asks:

- Support these common-sense reforms to improve the Federal procurement system.