



Written Testimony of Chris Pozzuto
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HB 146 Permissive Prevailing Wage
June 25, 2021

Thank you for the opportunity to provide written testimony in support of House Bill 146. As the City Manager of a community in Southwest Ohio of 19,000 residents, HB 146 is a bill concerning local government control of community development projects in its jurisdiction.

Prevailing Wage in the State of Ohio is, in its most simplistic form, an antiquated way to significantly increase labor costs to local governments and ultimately our tax payers. Through our experiences in dealing with Prevailing Wage projects, Prevailing Wage adds, at a minimum, 10%-20% to the cost of local government projects with no discernable benefit, other than inflating labor costs for the same labor that would be working on the project otherwise.

For example, the City recently constructed a Performing Arts Center as part of a redevelopment project at the corner of State Route 73 and State Route 741 in the center of our community. Originally, the design/build contractor estimated the build to be approximately \$3.9 million as they were not aware it would need to be constructed with Prevailing Wage. Once we received the revised estimate with Prevailing Wage included – the estimate increased to \$4.5 million! The revised estimate included the same building design, same labor to construct the building, but a \$600,000 increase. Unfortunately, we have numerous examples of large scale projects whereby the cost of construction increases exponentially because of the Prevailing Wage requirements. This is an unnecessary increase in cost to the local taxpayers.

The City of Springboro supports HB 146 because it provides the choice of determining whether or not the application of Prevailing Wage is needed in local communities. In some communities it may make sense, others not. With the State of Ohio being a “Home Rule State”, that choice should be left to each individual community.

In addition, the choice of local government projects being Prevailing Wage or not can also provide more competition. Over the past few years, the City has witnessed our projects being bid by fewer contractors. In the past, on road projects for example, we would receive anywhere from 6-8 bids. Now, we typically receive 2-3 bids. There are many reasons for this; less contractors due to changes in the economy, more work to be bid around the state and no real understanding of the Prevailing Wage law by many contractors. Many contractors simply do not bid local government work because they have no understand of the Prevailing Wage law and how it would affect them, so they avoid the work altogether. Minimal bids typically translates into less competition for the work and higher costs.

I urge this committee and the General Assembly to do what many communities in the state have been asking for many years – pass HB 146 to allow for more local choice and the opportunity for communities to keep costs as low as possible for our local taxpayers. This bill will allow local governments another choice in soliciting bids for construction projects to ensure the continued economic vitality of our community.