



August 5, 2014

The Honorable Rob Portman
 448 Russell Senate Office Building
 United States Senate
 Washington, D.C. 20510

Dear Senator Portman:

The undersigned Ohio construction industry trade and professional organizations—representing thousands of commercial construction companies and associated professionals including surveyors and mappers, architects and engineers across the state—strongly urge you to introduce or co-sponsor the *Construction Consensus Procurement Improvement Act of 2014*. (See enclosure.)

The *Construction Consensus Procurement Improvement Act of 2014* provides simple, no cost solutions to create a framework for growth in the construction industry and for more efficient federal government procurement. One component of the proposed bill of particular importance to Ohio’s construction industry: prohibiting the use of reverse auctions by federal agencies to procure design and construction services.

Ohio’s construction industry has continually fought the use of reverse auctions by public authorities for construction procurement. Thanks to our efforts, Ohio law directly prohibits state and local government entities from using reverse auctions to procure construction and design services. However, it does not prohibit federal agencies from conducting them in the state.

While we do not oppose the use of reverse auctions to procure standardized products like commodities and manufactured goods, their use in construction and design procurement is ineffective public policy. The practice:

- Fails to properly allocate risk;
- Makes it more difficult for small and disadvantaged businesses to be awarded a bid;
- Inhibits the competitive bidding process; and
- Increases overall construction costs.

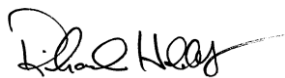
Reverse auctions do not require or encourage contractors to submit their lowest or best bid. Instead, high bids are submitted, knowing they will have to be lowered as the competition does so during the live auction. Project owners do not know if they received the lowest and best bid from a contractor, and taxpayers frequently wind up paying more than they should for a government construction project.

The points above are supported by the results of a reverse auction pilot program conducted by the U.S. Army Corps of Engineers (USACE), the largest and most experienced federal construction agency. (A summary of the final report is enclosed for your information.) USACE determined that procuring design and construction services through reverse auctions “should be the very rare exception and not the rule—if used at all.” Yet, some federal agencies continue to utilize reverse auctions to procure construction despite the USACE’s

conclusions and a 2013 GAO report that found federal agencies conducted over 3,600 reverse auctions where only one vendor participated and submitted only one bid.

We urge you to improve competition, save taxpayers money and instate "lessons learned" from reverse auction procurement of construction services. Please introduce or co-sponsor the *Construction Consensus Procurement Improvement Act of 2014* and support simple, no-cost solutions to federal construction procurement.

Sincerely,



Rich Hobbs, Executive Vice President
Associated General Contractors of Ohio



Chris Runyan, President
Ohio Contractors Association



Donald L. Mader, Executive Director
American Council of Engineering Companies of Ohio



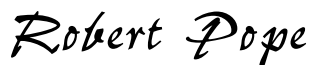
Valerie Dahlberg, Executive Director
Mechanical Contractors Association of Ohio



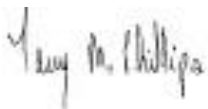
Tom Shreves, Legislative Committee Chair
National Electrical Contractors Association of Ohio



Melinda Gilpin, Executive Director
Professional Land Surveyors of Ohio



Robert Pope, Executive Director
The Ohio Roofing Contractors Association



Terry Phillips, Executive Director
Allied Construction Industries (Cincinnati)
AGC, Cincinnati Division



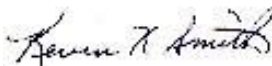
Tim Linville, CEO
Construction Employers Association (Cleveland)



Randall L. Fox, Executive Director
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