

**House Education Committee Hearing
ArcCon - HB 2124**

March 31, 2014

**TESTIMONY OF JAMES P. GAFFNEY
Goshen Mechanical Contractors, Inc.
Malvern, Pennsylvania**

Dear Representatives,

Thank you for the opportunity to address this committee on what I feel is a very important issue. My name is Jim Gaffney and I am Vice President of Goshen Mechanical, Inc. located in West Chester, PA. Goshen Mechanical, Inc. is a family run mechanical contracting business that began 27 years ago in my Father's basement. We now average a crew of 25-35 employees.

I am here today representing the Concerned Contractors Group which is made up of hundreds of small businesses, union and non-union contractors, who primarily work on PA school projects across the State.

There are so many reasons why the PlanCon system should be maintained. First and foremost is that it is a fair and transparent process. Each entity is required to do its due diligence from the beginning to the end of the PlanCon process. The taxpayer and the State are aware of the projects and the costs long before the review is completed. Every step of the process must be completed before any project is given the approval to proceed.

The school buildings that we work on are not new buildings. Most are forty years old or older. The mechanical, electrical, and buildings systems are in poor condition and cost the districts a lot of wasted money to maintain them. The newer systems are energy efficient and the savings to the end user can offset the construction cost for many years. We just installed a chiller that showed savings of \$30,000 in a cooling season and the project cost \$210,000. The life expectancy of the new unit is 15 years. It also requires a lot less maintenance each year.

The Plan Con process also allows many projects to benefit the local worker. Our firm bids primarily in the Delaware, Chester, Montgomery, and Bucks County areas. Our workers are also from these areas. I completed two projects in the last three years in the Bristol area. We had 60% of our workforce that paid school taxes in the districts. Each worker is also a taxpayer in the State and the Counties.

The Department of Education's moratorium is hurting contractors and school districts in ways that the average person cannot see. Realize school construction is hard construction. Each company must supply a bond that requires their businesses to be financially sound at all times. Each of my family members in the business have their homes on the line with the bonding companies. It requires a lot of extra cost from our accountant to our bonding company to keep the bond capacity where it needs to be. Many of our projects have to be completed in such a short period of time. We are finishing a new school in Cheltenham. The school started from the ground up after asbestos abatement and demolition. We completed the project in less than 11 months.

Not all firms can handle the tough schedules, working around a building filled with teachers and student, while trying to manage their prices while commodities skyrocket. Many companies are leaving the market due to the cloudy future of school construction.

I see many "newer firms" in the market. Many bring major problems because of their inability to man the project quickly and stay coordinated with the schedule and the other trades. The result is schools not opening on time and frustrated owners. We need to bring this industry back to where it was with the funding a few years back.

PlanCon is good for the Commonwealth of Pennsylvania. The \$300 million in construction each year betters our schools, our students, our workers, and finally our local taxing authority. It keeps the transparency in the system that everyone needs and it allows my workers to live in the areas where they currently reside. My people are not only workers, but coaches, Boy Scout leaders, church leaders, and even school board members. Small businesses across the State need PlanCon funding to continue.

The Concerned Contractors of PA commends Rep. Grove's on his efforts to address the cumbersome PlanCon issues and get the process back on track.

Respectfully submitted:

James P. Gaffney
For the Concerned Contractors of Pennsylvania