



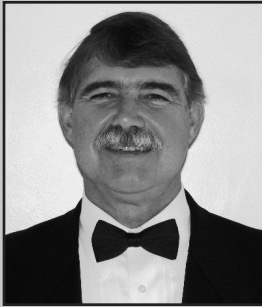
Contractors Association of West Virginia
Annual Report



2014

BUILDING A BETTER WEST VIRGINIA

From the President



Most CAWV members can attest to the fact that 2014 was full of challenge and change.

The change in the political landscape is unprecedented. For the first time in over 80 years, Republicans control the West Virginia Legislature. It may be the first time ever that this is concurrent with Republican control of the United States Congress. The implications of this with regard to infrastructure funding are unknown but West Virginia's new legislative leaders have stated that job creation is one of their top priorities in the upcoming legislative session. The CAWV looks forward to working with Senate President Bill Cole, House Speaker Tim Armstead and members of the West Virginia Legislature to show the correlation between infrastructure investment and economic development and jobs.

While your association is fiscally in good shape, we know our individual members are having differing experiences. There is market rotation among the various sectors.

Some contractors and suppliers have stayed busy in the Marcellus and Utica shale regions of North Central West Virginia. Thousands of wells have required an access road, site preparation, a pad for the drill and pumping machinery, a pond for the water that was injected, and a pipeline connection or storage tanks for the gas and liquids that are brought to the surface. For members working in the coal or infrastructure areas, times are tough. Building construction is still active in some areas of the state.

Construction employment figures in the Mountain State are a reflection of CAWV members' workload. Construction employment dropped by nearly 8% from October 2013 to October 2014.

Since December 2013, West Virginia has ranked, on a monthly basis, first or second in the nation as the state with the steepest year-over-year declines. During that same span, U.S. construction employment increased by 4%, according to labor statistics compiled by the Associated General Contractors of America (AGC).

West Virginia's construction economy has been flat across the board. Our building contractors have been constructing fewer schools and commercial buildings, our utility contractors are looking for water and sewer projects to bid, and our state's highway program continues to remain stagnant and, without additional funding, our roads and bridges will continue to deteriorate while our qualified work force goes on the unemployment line. Declining demand for West Virginia coal and increased regulations has hurt West Virginia's economy and our members who have historically worked in the coal industry.

While times are tough, as a member of the CAWV and the construction profession, you are at an advantage. Despite West Virginia's weakening construction economy and shrinking job market, CAWV is 'hard at work' ensuring the future prosperity of our member companies for years to come. Our members repeatedly showed the resilience of the construction industry by turning a difficult situation into an opportunity for growth.

The CAWV regularly communicated with our legislators and policy makers to ensure they understood the dire straits of the construction industry and the positive impact investment in infrastructure could have on the economy. The association was quoted in numerous print and online news stories statewide when a failure by Congress to act on a long-term federal highway bill threatened to shut down federally-funded highway projects, causing contractors to potentially lay off construction workers during the height of the construction season.

The CAWV continues to be a key partner with West Virginians for Better Transportation to focus on a long-term, sustainable revenue source for the state's transportation system. All CAWV members benefit from investment in highways because you can't build a building if there isn't a modern highway or a bridge that can handle truck weights leading to it. You don't need to supply water or sewer to areas that don't have buildings and manufacturing operations.

However, all the time spent planning for future opportunities was not confined solely to legislative activity. CAWV increased its professional development opportunities by offering a series of webinars and interactive sessions on a variety of relevant topics. The CAWV Education Committee used the technology of the association's new conferencing center so members no longer have to miss valuable training due to time and distance. We offered several other tools for coping with the economic downturn, including our many discount programs that helped companies save money wherever possible on costs such as workers' compensation, fleet management and fuel, shipping services, and tools and equipment.

While this year has been challenging and full of change, it could set the stage for future opportunity. As a CAWV member you can rest assured that you have a team that is "hard at work" on your behalf. With the CAWV working at the State Capitol and state agencies, and AGC of America and ARTBA working on Capitol Hill, our members have the tools to get through hard times and to position themselves for future success.

Sincerely,

A handwritten signature in black ink that reads "Dan Flesher". The signature is written in a cursive, flowing style.

Dan Flesher
President

CAWV ADVOCACY EFFORTS PROTECT INDUSTRY'S INTERESTS

CAWV continues its policy to play a lead role on behalf of our members in state government affairs by professionally and effectively representing the concerns of contractors, subcontractors, suppliers and construction-related interests. There were a number of issues in the 2014 legislative session that could have negatively affected CAWV members and their employees and few that provided any new investment in infrastructure.

A topic that consumed lawmakers was the projected \$150 million shortfall in the state's general fund budget. A bill that would have diverted \$13 million a year for two years from the State Road

Fund to the general fund was defeated in the Senate Transportation Committee. Another bill diverted \$20 million of the annual \$40 million in lottery proceeds going to the WV Infrastructure Fund to the state's general fund. The original bill took \$20 million a year for three years, or a total of \$60 million from water and sewer construction projects. The Governor's Office and legislators agreed to a one-time transfer of \$20 million.

Bills that did pass the legislative process include: S.B. 461 will put a portion of oil and natural gas severance tax revenue in a special account to be used for future infrastructure and economic development projects; S.B. 356, a purchasing reform bill that allows reverse auctions to be used to pur-

chase commodities (at the request of the CAWV, construction is prohibited from utilizing reverse auctions for procurement); and S.B. 376 passed after years of debate and revisions that address many of the concerns voiced by CAWV members. The bill requires all employees working on public works projects to complete the OSHA 10-Hour safety program.

Protecting the industry from unneeded and costly regulations remains a top priority. H.B. 4168, the Buy American Act, which passed out of the House of Delegates by a 90-7 vote and died in the Senate, required each construction contract made by a public agency to contain a provision for construction materials to be manufactured or produced

in the United States. The burden, and cost, for administering the law would have been borne by contractors. H.B. 4001, the False Claims Act, allowed whistleblowers to bring lawsuits against companies that are allegedly defrauding state- and federal-run programs such as Medicaid and construction contracts. Contractors in other states who have had false claims charges brought against them stated that simple mistakes could result in employees and overzealous lawyers to file lawsuits resulting in hundreds of thousands of dollars awards against the contractors. The House defeated the bill 55-42. S.B. 358 would have required the Director of Purchasing to approve or deny "any change order or combination of change orders that would increase the total price of any state contract over \$1 million by: (1) Five percent or more of the total value of the original contract; or (2) by \$100,000 or more." S.B. 358 also required Purchasing to submit annual reports to the Legislature of the value of, justification for, and vendor and agency associated with all change orders approved by the Purchasing Director for state contracts over \$1 million. The CAWV's concern is that the vast majority of change orders are developed by the agencies, not contractors, and that it's the contractor who is at risk for performing a change order only on a verbal approval since waiting for a written change order would delay the project. The bill's sponsors understood industry's concern and agreed to study the issue during the legislative interim process.

CAWV PUSHES FOR LONG-TERM HIGHWAY FUNDING SOLUTION

When the federal Highway Trust Fund came close to going bankrupt in August 2014, CAWV highway contractor members working on federally-funded highway and bridge projects were given two options: (1) shut down their projects until funding was made available; or (2) continue working and be paid 50 cents on the dollar. The CAWV worked closely with West Virginia's congressional delegation to gain passage of a long-term funding solution for the Highway Trust Fund and passage of a new six-year highway reauthorization bill. Congress ultimately passed a temporary measure that extends highway funding through May 2015. The association also worked closely with WVDOH and Federal Highway Administration officials to minimize the impact of delayed payments on contractors and their employees.

The CAWV, who commended Congress for taking action so contractors would not have to lay off construction workers during the height of the construction season, took the opportunity to stress the importance of focusing on a long-term, sustainable revenue source for West Virginia's highway and bridge programs. CAWV was quoted in numerous print and online news stories as media outlets statewide highlighted West Virginia's and the nation's highway funding needs. The CAWV's message was that the short-term revenue patch does

not solve West Virginia's or the nation's future highway transportation needs. Without a multi-year reauthorization bill, states and contractors are going to be right back in the same situation they were in prior to Congress' temporary fix.

THE CAWV'S "HARD AT WORK" LICENSE PLATE WINS TWO NATIONAL PUBLIC RELATIONS AWARDS

This year, the CAWV received two national public relations awards for its "Hard at Work" license plate campaign, which was first introduced in 2012. (Awards are pictured on the front cover of this year's annual report.) ARTBA's Transportation Development Foundation's 2014 PRIDE Award was accepted on June 11, 2014. The PRIDE Awards honor outstanding programs in two categories that enhance the image of the transportation design and construction industry. The campaign won first place in the Community Relations: Public Sector category, which honors programs that demonstrate positive involvement with the community in which a public agency, firm or association is located.

Secondly, the AGC honored the CAWV with an award for the Best Overall Public Relations Campaign. The award was accepted at a gala dinner ceremony attended by 350 industry leaders from across the U.S. in conjunction with AGC's National Chapter Leadership Conference held September 29 to October 1 in Washington, D.C.

HUB/PAC BACKS CONSTRUCTION INDUSTRY SUPPORTERS

HUB/PAC, the association's political action committee, supports candidates for the West Virginia Senate and House of Delegates who will give the CAWV a fair hearing on those issues affecting the contracting industry. This year's historical election saw Republicans take control of both houses of the West Virginia Legislature, the first time since the 1930s. Candidates endorsed by HUB/PAC were mostly successful in their primary and general election races. In Senate races, 70 percent of the candidates supported by the CAWV won their elections. In the House, 93 percent of those supported won. The HUB/PAC Board of Trustees set an ambitious fundraising goal this year to financially back candidates who professed a business and construction philosophy. The CAWV will be meeting with new senators and delegates to acquaint them with our members' concerns and legislative priorities.

CAWV EDUCATION COMMITTEE USES TECHNOLOGY TO EDUCATE MEMBERS

The CAWV Education Committee had a very busy 2014. The committee developed a webinar series entitled "The CAWV Educational Program Series" sponsored by BrickStreet Insurance. There were nine webinars in 2014 and the topics ranged from Reasonable Suspicion Testing for Drug and

Alcohol Abuse to Equipment Maintenance for Mobile Equipment to OSHA's new Global Harmonization System. The CAWV also offered seminars throughout the year on topics such as Building Information Modeling (BIM) and software technologies for construction. In addition, the Education Committee has recently become involved in the Heavy Equipment Operators Training Program at Ben Franklin Career and Technical Center. This program is part of the West Virginia Department of Education's Simulated Workplace.

ASSOCIATION BENEFIT PROGRAMS SAVE MEMBERS MONEY

The CAWV is always looking for ways to save members money and increase their competitive edge. The addition of a new money savings program from Fastenal added even more ways to save money and take advantage of association membership. For a complete list of money savings programs available, including BrickStreet Insurance, Verizon, Enterprise Fleet Management and Staples, go to the CAWV's website at cawv.org and the AGC website at www.agc.org/member_discounts.

CAWV WORKS WITH ITS PARTNERS TO OFFER OSHA 10-HOUR COURSE

The CAWV partnered with BrickStreet Insurance and ARTBA to offer OSHA 10-Hour courses to CAWV members. Senate Bill 376 was passed into law during the 2014 legislative session and went in effect on July 1, 2014. It requires all construction workers on a publicly financed project over \$50,000 to complete the OSHA 10-Hour course. The CAWV has offered several OSHA 10-Hour courses to help ensure members can meet the requirements of this legislation.

Through a partnership with AGC, CAWV members have access to the online training site 'Click-Safety' which offers an OSHA approved 10-Hour training class online for \$80. Members can take the class over several days by logging into their account and continuing the class from the point they stopped.

CAWV NATIONAL ASSOCIATIONS ADVOCATE FOR MEMBERS IN NATION'S CAPITOL

The CAWV is a chapter of the Associated General Contractors (AGC) of America and The American Road and Transportation Builders Association (ARTBA). Both groups work to promote construction industry issues on a national level. AGC created The AGC Alternative, a private insurance exchange built exclusively for AGC members that controls costs, simplifies the process and gives employees increased choice and flexibility in their health insurance and other benefits. AGC's advocacy for our members in Washington is critical on those issues that affect CAWV members' bottom line. When Congress includes itself into the construction delivery process by debating topics such

as design-build and reverse auctions, or determining funding for water and sewer and other infrastructure projects, AGC is recognized as an effective agent for positive change for the construction industry.

ARTBA continues to focus on transportation infrastructure investment as a critical component of creating jobs and sustaining economic growth. The association continues its work on passage of a robust, multi-year surface transportation reauthorization bill to replace the bill which expires May 2015. ARTBA and AGC are challenging the U.S. EPA's and Corps of Engineers' proposed regulation that would alter the definition of "waters of the United States" and expand federal regulation to cover virtually any wet area in the country – including roadside ditches. ARTBA and AGC argue the requirements are expensive, cumbersome and time-consuming to meet, and leave the construction industry vulnerable to penalties and citizen suits. What's more, a lot of land might not be buildable at all.

CAWV COMMITTEE WORK ENHANCES, IMPROVES CONSTRUCTION INDUSTRY

CAWV committees are the lifeblood of the association. Members work with state and federal officials to streamline bidding processes and strengthen procedures to ultimately increase competition and improve the health of the industry. It is this work, throughout the years, that has provided West Virginia's construction industry some insulation from the economic downturn.

The Joint Architects Committee has worked closely throughout the year with the School Building Authority and other project owners to develop new policies and procedures that are necessary to keep up with new state and federal regulations as well as new technology that is being used in construction projects. The School Building Authority's plan to implement Building Information Modeling (BIM) on projects starting in 2015 has caused some concern with members. The CAWV/SBA Task Force has met several times in 2014 to work on a viable implementation plan that would be mutually beneficial with the least amount of disruption to the actual construction of school projects.

The Joint Utility Committee continued their work throughout 2014 to ensure projects with funding go to bid promptly. The work of the committee was impacted greatly in 2014 by the passage of a bill that diverted \$20 million of the annual \$40 million in lottery proceeds going to the WV Infrastructure Fund to the general fund to help balance the state budget. With funding cut in half and projects struggling to find other funding sources, the committee will continue to work with various public owners to help find a solution to the funding shortfalls.

WVDOH JOINT COOPERATIVE COMMITTEE NETWORK ADDRESSES MANY ISSUES

The CAWV/WVDOH Joint Cooperative Committee, including its six subcommittees and various task forces, continue to address issues impacting the construction and maintenance of our highways and bridges.

The WVDOH, with authority granted by recent legislation, advertised their first Public Private Partnership (P3) project this year on the Coalfields Expressway. With input and support from industry, the WVDOH continues to expand the use of technology in bidding and management of highway projects. The question and answer feature of BidX was enhanced this year and a major rewrite is underway of the expedite file used to submit bids, called Project Bids.

A task force helped guide the WVDOH's first use of an Indefinite Delivery Indefinite Quantity (IDIQ) contract for bidding of a statewide traffic maintenance contract. The State Purchasing Division announced it will no longer be processing any purchase order (PO) contracts with a labor component, such as paving, painting, drilling and equipment with operators. The WVDOH is evaluating different options for contract delivery methods to replace the PO process, including IDIQ contracts and a maintenance bidding program, Bid Express.

The Specification Committee advanced several provisions that will be included in the 2015 Supplemental Specifications. A few significant items include Sections 108— better clarifying and defining schedules, resource loading and float; 401— removing terms "hot" and "warm" as separate bid items; 506— updated material requirements for concrete pavement repair; 515— update entire section relating to roller compacted concrete; 601— allowing for longitudinal grooving of bridge decks; 603— clarified testing requirements for prestressed concrete members; and 679— changes relating to how to handle full depth repairs.

The Publication Committee continued its work on standard details and issues related to the move to 31 inch guardrail and compliance with new ADA regulations. The committees continued their work on a number of ongoing issues such as refinements to the new performance based/SY asphalt provisions, increased use of recycled asphalt pavement (RAP), pavement preservation methods, sign sheeting/reflectivity and implementation of ERP/wvOasis.

SCHOLARSHIP AND EDUCATION PROGRAM GROWS AGAIN

The CAWV's annual scholarship program continued its mission in 2014 by contributing a record \$15,500 to seven students pursuing careers in construction. This year's top winner, Haylie Ballard, a

student at West Virginia University Institute of Technology, was joined by six other recipients from Marshall University, WVU, and Fairmont State. The CAWV Scholarship Foundation also supports several West Virginia career and technical schools each year.

35TH ANNUAL EXPO IN THE BOOKS

The 2014 West Virginia Construction and Design Exposition, held March 26 and 27 at the Charleston Civic Center, featured 317 exhibitors with 465 indoor booths, plus five outdoor exhibits; 49 honor exhibitors; a 72-page program and professional directory supported by 76 advertisers; 82 seminars and meetings; ten After Hours Reception sponsors and four Business Over Breakfast (BOB) sponsors. The yearly event brought more than 5,300 individuals to the show from 29 states and four foreign countries. The 36th annual show will be held March 25 and 26, 2015.

NEW STAFF JOINS THE CAWV

Katie Bradley joined the CAWV on January 6. She will serve in numerous functions as office manager for the West Virginia Construction and Design Exposition (WV EXPO). Bradley, a seventh generation West Virginian and a native of the Kanawha Valley, brings extensive experience in sales, event management and office management to the association and its members.

Cassidy Webb has joined the staff as communications manager, as well as the show manager for WV EXPO. Webb, a native of the Kanawha Valley, is a 2010 graduate of West Virginia State University with a Bachelor of Science degree in Communications with minors in graphic design and advertising. In addition to serving as communications manager, she will serve as staff liaison to the CAWV Public Relations Committee and the Young Contractors Committee.

CAWV MEMBERS GIVE BACK

Contractors always give freely of their time and resources to charitable causes. The CAWV hosted its second annual blood drive during the 2014 WV EXPO in memory of Cynthia Snyder, the late wife of past CAWV President Lee Snyder. This year 72 units of blood were donated. For the sixth year, the CAWV Young Contractors Committee participated in Canstruction, a competition where groups build huge structures out of canned food. Their entry, a cable suspension bridge, provided over 2,500 cans of food to the Covenant House's food pantry. The YCC also hosted its second annual Toys for Tots golf outing which collected dozens of toys for the annual U.S. Marine Corps Reserves' toy drive.

