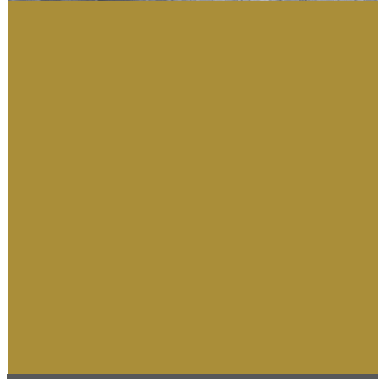
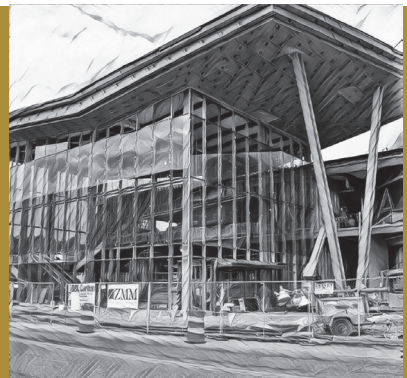


CONTRACTORS ASSOCIATION OF WEST VIRGINIA
ANNUAL REPORT



2016



From the President



The Contractors Association of West Virginia is hard at work every day to give CAWW members a competitive edge in today's tight construction market. Our committees and task forces work constantly on issues

that affect our industry and our members.

While addressing the needs of today, the CAWW Board of Directors is looking to the future. Our Strategic Planning Committee has charted an action plan that will keep CAWW relevant and vibrant with a steady inflow of new members and ideas. We are undertaking a membership campaign and we will work to engage these new members in our committees and functions.

Another goal of this year's strategic plan is to get all members involved in the legislative process. We will mobilize our members to ensure that our message is communicated to all legislators during the 2017 session of the West Virginia Legislature.

The CAWW Board of Directors feels strongly about creating an opportunity to get new and innovative ideas in our association. The board voted -- and members ratified at our Annual Meeting -- to amend the CAWW bylaws to give the President the ability to add directors-at-large to one year terms on the CAWW Board of Directors. The purpose is to get new ideas and initiatives from members who might have expertise on a particular issue but not interested in going through our election process. We believe this to be a way to get younger members of the association involved in developing future policy and programs.

I have appointed Josh Booth, chairman

of the Young Contractors Forum (YCF), to serve on the board. YCF has been active in hosting a number of educational and networking functions to give our younger members an opportunity to learn and to develop skills that will lead to success in their companies. We think YCF participation on the board will cultivate the next generation of leaders in the construction industry as well as our association.

The CAWW looks forward to working with Governor-elect Jim Justice to advance issues to create jobs and economic development opportunities for all West Virginians. We will promote our position that investment in our state's vast infrastructure of roads, bridges, water and sewer systems, schools and other public works projects is the best way to immediately put thousands of people to work, both in and outside the construction industry. We also look forward to working with his administration once he names his cabinet secretaries and state agency officials.

HUB/PAC, the CAWW's political action committee, set a goal this election cycle to endorse candidates based on their support to prioritize investment in the maintenance and modernization of West Virginia's infrastructure of roads, bridges, water and sewer, schools, public buildings, dams and other public structures. HUB/PAC endorsed candidates in 76 Senate and House races. Of those, 66 won, an 87% success rate. In the Senate, CAWW-endorsed candidates were elected in 14 out of 16 races. In the House of Delegates, HUB/PAC endorsed 59 candidates and 52 of them had successful races.

I want to thank CAWW members for their contributions to HUB/PAC. Their generosity and commitment helped HUB/PAC endorse candidates who will support infrastructure investment which will create jobs and economic

development in West Virginia.

There is no doubt legislators have a daunting task when they convene their session in 2017. The state's budget has a nearly \$300 million projected deficit and dollars available for construction programs will continue to be stressed. This is reflected in CAWW members' workload. Construction employment increased in 35 states between October 2015 and October 2016. West Virginia's construction employment remained stagnant during the same period. This is why the CAWW is 'hard at work' ensuring that our members' voices are heard loud and clear to show a direct correlation between investment in infrastructure and jobs in our state.

This is what the CAWW has always done: Advocate for the interests of contractors and West Virginia's construction industry. I know this first hand because I am the first Third Generation contractor to serve as your CAWW President. My grandfather, Charles, was president of the AGC of West Virginia (the predecessor to the CAWW) in 1959, and my dad, Charlie, was CAWW president in 1993. I am honored to carry on this tradition of service to this organization and I look forward to the CAWW's continued growth and future successes.

The report that follows is a small sampling of the issues addressed this year by your association on behalf of our members and the industry. We could not be successful if not for the support and participation of every member of this great organization.

Sincerely,

C.R. Neighborgall
President

BUDGET DEFICITS DOMINATE LEGISLATIVE SESSION

The CAWW is committed to advancing the legislative priorities facing West Virginia contractors. This year's session was dominated by the state's budget woes and how to address deficits totaling \$800 million in the current and upcoming budget year. Proposals included diverting money from infrastructure programs such as highways, schools and water and sewer. Legislators made West Virginia the 26th Right to Work state in the nation and repealed the state's prevailing wage. The Senate passed by a vote of 25-9 S.B. 555, a bill to generate over \$300 million annually in

new funding for state roads and bridges. The bill died in the House of Delegates in the final hours of the 60-day session. The CAWW was successful in defeating the Buy America bill. The association opposed the bill because of its impracticality and the costs associated with such a measure. The bill also put the burden of administration -- and penalties for noncompliance -- on contractors.

HUB / PAC BACKS INFRASTRUCTURE INVESTMENT CANDIDATES

The HUB/PAC Board of Directors this year developed a two-question questionnaire for candidates running for the West Virginia Sen-

ate and House of Delegates. The questionnaire asked whether they support or oppose increasing and prioritizing direct infrastructure investment and whether they support or oppose new funding for highway and bridge construction and maintenance. The CAWW told candidates it believes that West Virginia's infrastructure must remain a top priority. Public safety, education, healthcare, jobs and the economy grow from a foundation of reliable infrastructure. HUB (Highway-Utility-Building) PAC used to send questionnaires to candidates but stopped since the CAWW has multiple issues that cross many lines. Candidates may support one area of concern to CAWW

members while opposing another. Given difficulties of the past few sessions to focus on infrastructure, HUB/PAC sought to give candidates the opportunity to present their views and recommendations on infrastructure financing.

The contributions of members were put to excellent use. In all, of 76 HUB/PAC-backed candidates running on Election Day, a remarkable 87% were successfully elected to the West Virginia Legislature. Of the 59 HUB/PAC-backed House candidates, 52 won, an 88% success rate. In the Senate, 14 of the 16 candidates endorsed by HUB/PAC were successful in their races, an 87% success rate.

CAWV PARTICIPATES IN "VOTER REGISTRATION WEEK"

The construction industry and the millions of workers it employs had much at stake in this election. At a time when the industry is rebounding from the longest and deepest slump of any sector, it was especially important to elect leaders willing to work for common-sense solutions to the challenges facing the construction industry and its workforce. In order for construction voices to be heard in this ever-changing political landscape, contractors and their employees needed to be registered to vote and cast their ballots early, or on Election Day. Construction jobs can be demanding and the hours long, and it can be difficult to balance work and family commitments, but voting must be a priority.

CAWV participated with AGC of America in Employee Voter Registration Week (EVRW) in September. EVRW is a national initiative organized by the business community to encourage employee voter registration. It is believed that when the employees of AGC and CAWV member companies vote, the voices of the business community and construction industry are heard, both loudly and clearly.

JOINT COMMITTEE ACTION YIELDS RESULTS

The CAWV has a number of joint committees with state and federal contracting agencies. These committees, and their various subcommittees and task forces, work to protect and advance construction industry issues in a cooperative manner with agencies such as the West Virginia Infrastructure Council, WV Department of Environmental Protection, Water Development Authority, WV Division of Highways, School Building Authority of West Virginia and the state Purchasing Division, to name a few.

The Joint Architects Committee, comprised of our Building Division membership, for years has advocated for a dedicated buyer

for state construction contracts. The CAWV believes bidding and contract administration of a \$10 million construction project is a lot more complex than a \$1 million contract for office cleaning supplies. The state Purchasing Division this summer announced the creation of a new construction buyer position whose sole responsibility will be working with construction contracts. The association is confident this will alleviate bidding and change order issues that arise on publicly-funded construction contracts.

In a similar issue, the West Virginia Department of Environmental Protection, as of July 1, 2016, is handling its own purchasing of construction contracts. With the passage of S.B. 474 this legislative session, WVDEP will advertise, award and administer construction contracts associated with AML, special reclamation, L-CAP and oil and gas projects. Engineering contracts and material purchases will continue to be administered by the state Purchasing Division as they always have. The CAWV and members worked with WVDEP's AML and purchasing officials to offer them recommendations on such issues as electronic submission of bond forms, a bidders' checklist and on a WVDEP purchasing bulletin where projects will be listed.

The CAWV Joint Committee with the West Virginia Division of Highways has undergone changes, some positive and some the CAWV has expressed concerns over. The committee, and its task forces and subcommittees, continues to be a conduit between contractors, subcontractors and suppliers with the intent of providing the best quality of construction at the lowest cost to West Virginia taxpayers.

Members continued to provide written comments on proposed WVDOH specification changes this year, although participation in WVDOH specification and technical committees was disallowed by the division's new industry interaction policy. The WVDOH will be publishing a new 2017 Standard Specifications book, the first since 2010. An electronic version of the standards should be available in the very near future. Industry interest in SiteManager continues to grow as 30 contractors and consultants have enrolled for access, which will reportedly soon make change orders and final estimates a paperless transaction.

Our task force with the School Building Authority has worked on a number of issues relating to the design and construction of schools in the state, including the incremental implementation of Building Information Modeling (BIM) on new school construction and remodeling projects. Spreading out the

implementation gives architects and contractors more time to ramp up their operations to incorporate BIM procedures.

SEVERANCE TAX SUBJECT OF WVCAC STUDY

The West Virginia Crushed Aggregates Council has been reviewing the complicated method of collecting severance tax on limestone and sandstone to see if there is better methodology for both the industry and the state Tax Department. At the request of the council, the Tax Department created a 17.5% safe harbor valuation formula for calendar year 2016 for limestone producers for calculation of West Virginia severance tax. The safe harbor of 17.5% represents the percentage of costs that relate to the production of limestone or sandstone to the point of the quarry floor. A WVCAC task force is currently looking at a flat rate method that would simplify the collection and remittance of the severance tax. Depending on what method is selected, changes would require legislative approval and WVCAC and the Tax Department will look at sponsoring a bill in the 2017 legislative session.

INDUSTRY REBUILDS WEST VIRGINIA'S INFRASTRUCTURE AFTER DEVASTATING FLOODING

Many CAWV contractor and associate members went to work immediately following June's devastating floods by volunteering their time and equipment for flood relief. A number of members are now working with state agencies and public owners to repair and replace schools, water and sewer systems, roads and bridges and other public infrastructure damaged by flood waters. The CAWV supplied the state's emergency management agencies-hours after the rains ended- with lists of CAWV members and their equipment that could be mobilized quickly to help stranded residents and to open roads and bridges for emergency and relief agencies. Many contractor and associate members have volunteered dollars, supplies and labor to help their fellow West Virginians rebuild.

NATIONAL ASSOCIATIONS PROTECT, PROMOTE CONSTRUCTION INDUSTRY

CAWV members have two great associations working on their behalf in Washington, D.C. The Associated General Contractors (AGC) of America and the American Road and Transportation Builders Association (ARTBA) represent CAWV members and the nation's construction industry in Congress. Both worked tirelessly for passage of last year's

FAST Act, the first multi-year federal highway bill in over a decade. AGC is working to oppose OSHA's new silica rule that is not technically or economically feasible in that it contradicts existing safety practices. AGC estimates compliance will cost the construction industry nearly \$5 billion annually and could actually compromise safety instead of improve it.

ARTBA, along with AGC, continues to oppose the U.S. EPA's new rule relating to the "Waters of the United States" (WOTUS) which would extend EPA and Corps of Engineers' regulatory jurisdiction to a number of small bodies of water, including roadside ditches and short-lived streams, or any other area where the agencies believe water may flow once every 100 years. ARTBA and AGC are concerned that many construction projects and future development projects would be negatively impacted by the rule as proposed.

AGC of America leaders, including CAWV Senior Vice President Scott Pierson and CAWV Vice President Roger Thomas, met in Washington, D.C. in September to discuss best practices and to address AGC's top legislative issues. The annual AGC National Chapter Leadership Conference featured national speakers and breakout sessions on the industry's and the association's pressing issues, including federal initiatives for infrastructure investment, multi-employer pension plan reform, membership development and regulatory issues.

YCF INCREASES PARTICIPATION AMONG MEMBERS

The focus of the Young Contractors Forum (YCF) is to cultivate the next generation of leaders in the construction industry as well as the association. The group hosted a number of educational and networking functions including the YCF Annual Meeting held at the 2016 EXPO, where guest speaker Mark McMillion of McMillion Leadership Associates gave an informative presentation on communication. In September the YCF volunteered to help the Kanawha State Forest Foundation rehabilitate the Spotted Salamander Trail at the forest. The trail, which was originally built in 1986, was designed to be accessible for handicap, blind and disabled visitors. The YCF, with help of many volunteer CAWV companies, was able to get the trail into better than new condition. The YCF also holds an annual "Toys for Tots" Golf Scramble and has collected hundreds of toys for the program. The YCF will continue to add programs and President Neighborgall would like to encourage all member compa-

nies to send future leaders of their organizations to YCF functions.

NEW PROGRAMS ADDED TO ASSOCIATION BENEFIT PROGRAMS TO SAVE MEMBERS MONEY

The CAWV is always looking for ways to save members money and increase their competitive edge. The addition of new money-saving programs from Airgas, BestBuy and Sherwin Williams adds 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, Office Depot and Staples, go to the CAWV's website at www.cawv.org and the AGC website at www.agc.org/member_discounts.

SCHOLARSHIP PROGRAM AWARDS OVER \$20,000 IN 2016

The CAWV's annual scholarship program continued its mission in 2016 by contributing a record \$17,500 to eight students pursuing careers in construction. This year's top winner, Paige Thewes, a student at Marshall University, was joined by seven other recipients from Fairmont State University, West Virginia University and Bluefield State College. The top award amount was increased from \$5,000 to \$6,000 in 2016. The CAWV Scholarship Foundation also awarded \$3,000 to six different West Virginia career and technical schools to help support their construction related programs.

CAWV, AGC AND BRICKSTREET EDUCATING MEMBERS TO WORK SAFER

The CAWV partnership with BrickStreet Insurance provides significant savings on members' workers' compensation insurance costs. The program provides a discount on premiums to contractor members with a three-year loss ratio of 65% or less. The program is also a great resource for safety training programs. In 2016 CAWV members had access to safety training that included a scaffolding overview, OSHA's new Silica regulations and a detailed fall protection demonstration. The seminars were co-sponsored by the CAWV Safety Committee and BrickStreet.

The CAWV Safety Committee has also revised the CAWV Safety Awards program, making it easier to participate by shortening the questionnaire. The CAWV also offers several online tools for safety education

through a partnership with ClickSafety Online Training. ClickSafety has an extensive list of safety training videos and seminars, including OSHA 10 and 30 hour courses that members can purchase at a 10% discount.

37TH ANNUAL EXPO A SUCCESS

The 2016 West Virginia Construction and Design Exposition, held March 23 and 24 at the Charleston Civic Center, featured 297 exhibitors with 465 indoor booths, plus four outdoor exhibits; 43 honor exhibitors; 85 seminars and meetings; eleven After Hours Reception sponsors and three Business Over Breakfast (BOB) sponsors. The yearly event brought nearly 4,700 individuals to the show from 31 states and two foreign countries. This year's EXPO featured four gubernatorial candidates who outlined their vision for the future of West Virginia. Republican nominee Bill Cole, president of the West Virginia Senate, was joined by the three Democrat contenders, Jim Justice, Booth Goodwin, and Senate Minority Leader Jeff Kessler. The 38th annual show will be held March 22 and 23, 2017.

CAWV STAFF WORKING FOR MEMBERS

The CAWV is pleased to welcome to the CAWV staff Rena Moles, who is serving as Staff Assistant to both the CAWV and the West Virginia Construction and Design EXPO. Her knowledge and experience of the construction industry will be beneficial to the association, as she has worked with CAWV firms Rudd Equipment Company and Walker Machinery Company for nearly 20 years. She brings attributes to the CAWV staff that will be of great benefit to members.

The CAWV bid a fond farewell to Alice George who retired in April after over 24 years of service to the CAWV. Alice served as Office Manager for the Asphalt Pavement Association of WV and the WV Construction and Design Exposition. EXPO experienced significant growth during Alice's tenure, including expansion of the exhibitor base and exhibit areas, seminar and meeting agenda, development of the website and e-commerce, and an increase in the number of show cosponsors.

Cheryl Clark, CAWV's Plan Room Administrator, has assumed additional responsibilities by becoming Office Manager for APAWV. She has been with the CAWV since January 2012. Cheryl is continuing in her role as Plan Room Administrator, working with Rena in the Plan Room and CAWV Bid Clearinghouse.

