



Contractors
Association
of West Virginia

ANNUAL REPORT



2017

HARD AT WORK
BUILDING A BETTER
WEST VIRGINIA

From the President



As you will see in this year's Annual Report, 2017 was a busy, and extremely successful, year for the Contractors Association of West Virginia and our industry.

Some of these accomplishments are game changers for our members and the entire state of West Virginia. But many others reflect the work that the CAWV does every day on our member's behalf.

Supporters of highway funding received a major boost this year when Governor Jim Justice outlined a bold vision to make a \$2.8 billion highway funding program part of his plan to create jobs and economic development opportunities for all West Virginians. His position was 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.

After a 60-day legislative session and an extended special session, the West Virginia Legislature in late June passed a series of funding measures that, collectively, will generate \$2.8 billion for highway and bridge construction and maintenance over the next seven to ten years. The bills culminate years of work by the CAWV, West Virginians for Better Transportation and many others to adequately fund West Virginia's road and bridge maintenance and construction program.

Voters approved a constitutional referendum on October 7, 2017 that will allow West Virginia to issue up to \$1.6 billion in bonds for

highway and bridge construction and maintenance. The Roads to Prosperity Amendment of 2017 was approved by a vote of 73-27 percent. CAWV members contributed generously to West Virginians for Better Transportation which allowed for a very effective campaign to promote the amendment to voters.

It is amazing the difference a year makes. In November 2016, we were forced to assess our situation when, after four years of promoting the need for additional highway dollars, efforts to increase funding for the West Virginia Division of Highways were at a standstill. Tolls were set to come off the West Virginia Turnpike in 2019, and the 88-mile four-lane highway would be transferred to the WVDOH. Not only would \$80 million a year in revenues be eliminated – 76% percent of which are paid by out-of-state drivers – the WVDOH would have to divert about \$50 million a year out of the paving and bridge program to pay for upkeep of the WV Turnpike. The price of gasoline continued to drop which resulted in wholesale gas tax revenues dropping nearly \$50 million in a three year period. Any new construction projects the WVDOH wanted to undertake were at the expense of the department's preservation program since no new money was available.

Fast forward to November 2017, this association was successful in just about every issue we pursued through the regular and special sessions. A \$2.8 billion highway funding plan is unprecedented in West Virginia.

We also had the pleasure of introducing members to Governor Justice's cabinet secretaries and heads of agencies that routinely design, award and administer construction contracts to get a better understanding of the many attributes they bring to their new posi-

tions. New administration officials have attended CAWV committee meetings and spoke at WV EXPO, and each were featured in *West Virginia Construction News* magazine. All of this is to make sure your opinions are heard on issues impacting your companies over the next four years of the Governor's administration.

I am very proud of what we have accomplished on your behalf. None of what we have done would have been possible without the support and involvement of so many of our members and our staff at the CAWV. And you should be proud of your accomplishments. Through your work with Governor Justice and legislators, and your donations over the years to West Virginians for Better Transportation and our Political Action Committee, HUB/PAC, passage of these bills would not have occurred.

While the past few years have been challenging for the CAWV and our industry, your support of this association has now set the stage for future opportunity. Your participation and engagement in our advocacy efforts has made this association stronger than ever.

As you review this year's report, please take time to reflect on what we have accomplished together. I look forward to making 2018 an even better year for our association, our industry and our state.

Sincerely,



Scott Pierson
President

PRODUCTIVE LEGISLATIVE SESSION PROVIDES BILLIONS IN HIGHWAY FUNDING

Governor Jim Justice signed the bill into law June 22 that will provide millions of dollars in road construction projects. The bill, S.B.1006, passed by the West Virginia Legislature following the 60-day regular legislative session and a 43-day extended session, will add approximately \$135 million annually to the State Road Fund by increasing DMV fees, raising the floor on the average wholesale price for gas, creating a registration fee for non-gasoline using vehicles and adding one percent to the five percent tax on the purchase of vehicles.

The legislation is part of a three-pronged

effort that total \$2.8 billion in bonds and new funding for Governor Justice's road-building initiative, which he has said will stimulate the state economy by creating thousands of construction jobs.

At the bill signing at the State Capitol, Governor Justice said state Transportation Secretary Tom Smith is ready to get contractors to work. "He has 500 road projects. Now some of them are really small and some of them are great big. Can you just imagine? Now, today, with the signing of this he can start. It's a truly monumental day, and that's all there is to it," Governor Justice said surrounded by WVDOH officials, legislators and CAWV representatives.

"It's nice to think about putting a whole lot of orange barrels out there. It is truly landmark and what it will do for our state is unbelievable," the Governor stated.

S.B. 1006 has three funding components, most of which were recommendations from the report presented by the Governor's Blue Ribbon Commission on Highways.

- Increases DMV fees, the first time in many years. Vehicle registration fee will go from \$28 to \$50 annually. Many of these fees haven't changed since the 1970s. This will generate about \$45 million annually.

- Increases the consumer sales tax on vehicles to make it equal to the current state

consumer sales tax – 6%. This hasn't been changed in decades. This will generate about \$40 million annually.

- Resets the floor on the wholesale gas tax to where it was three years ago. The new floor for calculating the wholesale tax is \$3.04, up from the current \$2.34 floor. The wholesale gas tax has dropped 3.5 cents per gallon since 2015 when the price of gasoline started going down. This drop has cost the State Road Fund about \$50 million from three years ago. This will generate about \$45 million annually.

S.B. 1003 continues the tolls on the West Virginia Turnpike. There is an expectation tolls will increase. This increase can be used to issue new bonds to upgrade the turnpike and roads in the 10 counties that are adjacent to the turnpike. Based on toll revenue and the bond market, there could be \$400 million to \$600 million available in new bonding authority that can be used for projects.

S.B. 2721 will move the June 2017 sunset date on the "Public-Private Transportation Facilities Act" to 2023 to coincide with the WVDOT's six-year State Transportation Improvement Plan (STIP). The statute has been the vehicle that has allowed construction to proceed on Corridor H, Route 35, Coalfields Express and other large projects.

S.B. 2722 changes the limits on the use of Design-Build on WVDOT projects. The current limits are \$50 million annually or \$150 million over three years. This bill changes the limits to \$200 million per project and \$400 million annually. Although, if all the money is not used in one year, the division can roll over \$100 million into the next year.

H.B. 2878 passed which increases the state's ability to use Grant Anticipation Notes (GARVEE) bonds from \$200 million to \$500 million. On September 12, the WVDOT held a record setting single letting (total dollar value) of 46 projects totaling over \$261 million due to passage of this bill.

H.B. 203 increases the amount of credit allowed against personal and corporate net income taxes for qualified historic rehabilitation expenditures from 10% to 25%. Most states have a higher tax credit for historic rehab and this bill is hoped to spur an increase in investment as developers take on projects in cities and towns across the state.

S. B. 224 changes the requirement for new employers submitting a wage bond to the West Virginia Division of Labor to cover employees' wages for one month from 5 years to 1 year. There are exemptions to this requirement. (1) Company has been in business in another state for at least five years and has at least \$100,000 in assets; or (2) Is a subsidiary of a parent com-

pany in business for at least five years.

H.B. 2857 creates the West Virginia Safer Workplaces Act. The bill permits employers to test employees and prospective employees for drugs and alcohol.

H.B. 205 modifies the current West Virginia Jobs Act. The act, in effect since 2001, requires contractors to hire at least 75% of their employees on public improvement construction projects from West Virginia or within a county within 50 miles of the West Virginia border. The act has worked fairly well over the years but the administration says with the passage of the highway funding bills, the current Jobs Act is inadequate to maximize employment opportunities for West Virginians on public improvement construction projects. The bill increases the penalties for contractors not complying with the requirements of the Jobs Act.

H.B. 202 allows the WV Division of Highways and Tax Department to share confidential tax information about bidders on WVDOT contracts and WVDOT contractors and their subcontractors to ensure everyone is paying all applicable state taxes and are in good standing with the Tax Department. Prior to the bill's passage, the Tax Department could not share confidential tax information with WVDOT, even though they can with other state agencies. The bill attempts to put all bidders on a level playing field.

The CAWV dealt with numerous bills during the regular 60-day legislative session and during the special session. Some of the bills that did not pass include: Elimination of the 5% bidders' preference for West Virginia material and equipment suppliers; a 6.35 percent consumer sales tax on construction services, estimated to raise \$92 million this year and to grow to over \$100 million annually over the next few years; and a bill requiring every successful bidder on a highway project to pay 5 percent of the contract price into a new drug treatment program to alleviate West Virginia's opioid problem.

ROAD BOND AMENDMENT PASSES

On October 7 voters passed S.J.R. 6, the "Roads to Prosperity Bond Amendment," which was approved by the WV Legislature during the 2017 regular session. The constitutional referendum will allow West Virginia to issue up to \$1.6 billion in bonds for highway and bridge construction by 2021. The vote on the amendment passed by a wide margin, earning nearly 73 percent of the vote.

A coalition was put together in support of the amendment under the banner of West Virginians for Better Transportation (WVBT). The coalition consisted of statewide industry

organizations, organized labor, school teachers, statewide elected officials, higher education leaders, state and local chambers of commerce, state legislators of both parties and local officials who all banded together for the common goal of improving West Virginia's roads and highways. CAWV members and numerous others contributed to WVBT that allowed for an effective campaign to promote the amendment. The Vote 4 Roads WV campaign involved statewide TV, radio and print ads, as well as social media pages on Facebook and Twitter.

CAWV / WVDOT / FHWA JOINT COOPERATIVE COMMITTEE RESUMES OPERATIONS

The CAWV's longest standing committee, the WVDOT Joint Cooperative Committee, had not met since October 2015. New Secretary of Transportation / Commissioner of Highways Tom Smith helped reestablish lines of communication with industry by co-chairing a November 29 meeting of the joint committee. The six subcommittees serving the full joint cooperative committee will also soon be reengaged and addressing construction, specifications, technical publications, utilities, concrete and asphalt issues. The Specification Committee, which published a new 2017 Standard Specifications book this year, worked on over 30 provisions that will make up the next Supplemental Specifications. This year, the CAWV also helped the WVDOT to promote their "Truck Weights - Know Your Limits" workshops which aimed at helping the industry understand the state's complex road weight regulations.

NATIONAL ASSOCIATIONS WORKING TO STRENGTHEN CONSTRUCTION INDUSTRY

The Associated General Contractors (AGC) of America and the American Road and Transportation Builders Association (ARTBA) represent CAWV members and the construction industry in Congress and throughout the nation.

AGC of America released national metro construction employment data for April 2017 on May 31 in the Governor's Reception Room at the State Capitol. AGC Chief Economist Ken Simonson and Transportation Secretary Tom Smith announced that the Charleston Metropolitan Statistical Area (MSA) experienced the second highest decline in construction employment of any of the 358 metro areas AGC tracks. The data released determined that Charleston metro area lost about 1,200 construction jobs between April 2016 and April 2017, a 16 percent decrease. The current employment totals were the lowest recorded in the area since 1990 when the federal government first began tracking the data.

Simonson said a massive infrastructure construction program proposed by Governor Jim Justice would put thousands of construction workers back to work and address the Mountain State's neglected roads and bridges. He also said new infrastructure investments would make the state's economy more efficient and businesses competitive by cutting traffic delays and lowering energy costs. The release was extensively covered by the state's media and was beneficial in promoting highway funding bills in the West Virginia Legislature.

John Boyle, president of Instant Growth Hydro Seeding, LLC, has been elected President of ARTBA's Contractors Division this year. He will represent contractors on ARTBA's Board of Directors.

SCHOLARSHIP PROGRAM RAISES OVER \$100,000 AT ANNUAL MEETING

The CAWV Scholarship Foundation kicked off a fundraising campaign at this year's CAWV Annual Meeting July 13-16 at The Greenbrier. During the President's Banquet, the foundation received a \$50,000 contribution from the Orders Family Trust. Members at the meeting were so moved by the generous donation, they quickly generated an additional \$56,000, totaling \$106,000 in contributions.

The CAWV's annual scholarship program continued its mission in 2017 by contributing \$15,500 to eight students pursuing careers in construction. This year's top winner, Daniel Craigo, a civil engineering student at Marshall University, was joined by eight other recipients from Bluefield State College, Fairmont State University, West Virginia University and WVU Institute of Technology.

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 2017 CAWV members had access to safety training and a seminar that gave members and overview of OSHA's new Silica Standards. The training contained a demonstration of the different types of controls that contractors could use on their jobsites to comply with the new rules. The seminars were all co-sponsored by the CAWV Safety Committee and BrickStreet.

The CAWV Safety Committee has also

revised the CAWV Safety Awards program, making it is easier to participate, shortening the questionnaire and simplifying the award choices. 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.

MEMBERSHIP COMMITTEE LAUNCHES MEMBERSHIP RECRUITMENT REWARD PROGRAM

The CAWV Membership Committee announced the launch of a membership recruitment program at the 2017 CAWV Midyear Meeting. The program rewards members that recruit new members into the association. Members that recruit new members receive a \$100 certificate for a new contractor member and a \$50 certificate for a new associate member. The certificates can be used for meeting registrations, as well as other CAWV events, and there is no limit on how many certificates can be used at once. In an effort to grow membership, the committee also arranged the redesign of the membership section of the association's website, making it easier to share information about the CAWV to prospective members.

WEST VIRGINIA CONSTRUCTION NEWS CELEBRATES 80TH YEAR

This year, *West Virginia Construction News* marks its 80th year in publication. Since 1937, WVCN has been the official publication of the CAWV and "The Voice of Construction in the Mountain State." The bi-monthly publication reaches a pass-along readership of more than 3,000 which consists of building, heavy, highway and utility contractors; engineers and architects; legislators; federal, state and local government employees; suppliers of goods and services to the construction industry; and others directly or indirectly associated with the construction industry.

YCF INCREASES PARTICIPATION AMONG MEMBERS

The focus of the Young Contractors Forum (YCF) is to better fulfill the need 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 Leadership Meeting held at the 2017 EXPO, where guest speaker Bob Martin gave an informative presentation on leadership skills. In February, the YCF volunteered to help the Ronald McDonald

House at Cabell Huntington Hospital build Maggie's Playground. The playground was built with more than \$50,000 in funds that was raised by six year old cancer survivor, Maggie Holton. The YCF had a large number of volunteers that worked two shifts, and helped get the project, which was running behind schedule, back on track. The YCF also held the annual "Toys for Tots" Golf Scramble and has collected hundreds of toys for the program. The YCF will continue to add programs and President Pierson would like to encourage all member companies to send future leaders of their organizations to YCF functions.

38th ANNUAL EXPO A SUCCESS

This year's West Virginia Construction and Design EXPO drew thousands of industry professionals to the Capitol City. The 38th annual trade show, held March 22-23 at the Charleston Civic Center, had nearly 4,500 attendees from throughout the region to experience the best of what the industry has to offer.

During EXPO's Opening Presentation held in the Little Theater, Governor Jim Justice addressed industry professionals about his \$2.8 billion roads plan and his Save Our State initiatives, where he promoted infrastructure projects to create 48,000 jobs. Senator Greg Boso, R-Nicholas, chair of Senate Transportation and Infrastructure Committee, spoke on infrastructure funding during the opening session prior to the Governor's address.

CAWV STAFF CONTINUES TO PROGRESS

The CAWV announced this year that Patrick E. McDonald has been named Assistant Executive Director. McDonald has served as Director of Member Services since 2009, where he oversaw the development of member services as well as new member recruitment. As Assistant Executive Director, McDonald will coordinate a number of activities and programs that will provide CAWV members with value for their dues investment.

CAWV Communications Manager Cassidy Webb attended the AGC Chapter Staff Orientation on April 24-25 at the AGC of America headquarters in Arlington, VA. The orientation is an opportunity for AGC chapter staff, both new and not-so-new, to come together to discuss issues facing their chapters while brainstorming solutions, and to learn more about the resources AGC of America has available to members. Webb said the orientation program was helpful in better understanding the member experience, as well as learning about the tools and resources that AGC has to offer.

