

ANNUAL REPORT 2021



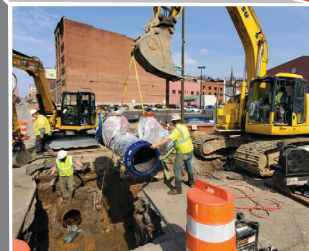
BROADBAND ACCESS
\$600 MILLION



AIRPORTS
\$40 MILLION



ROADS & BRIDGES
\$3.7 BILLION



WATER /SEWER
\$475 MILLION



AML RECLAMATION
\$700 MILLION

**HISTORIC INFRASTRUCTURE BILL
WILL BUILD A BETTER WEST VIRGINIA**



From the President



The Infrastructure Investment and Jobs Act (IIJA), passed in November, is the biggest U.S. infrastructure package in decades and provides over \$6 billion in funding for West Virginia's roads, bridges, water and sewer treatment facilities, abandoned mine land (AML) projects, airports and other infrastructure improvement projects.

The bill also provides a five-year reauthorization of the federal-aid highway bill and the U.S. Environmental Protection Agency's Clean Water and Safe Drinking Water State Revolving Funds, all three of which are now funded at higher levels.

The bill is also a first-of-its-kind comprehensive investment in broadband deployment, equity, and affordability, which is essential to attracting new jobs and visitors to our state.

There will be additional funding to reinvigorate coal communities, including a new program to build clean energy on current and former mine lands. Grants will be available for manufacturers to build or retrofit facilities to produce or recycle energy products in communities that have seen coal mines or plants close.

These new infrastructure investments will provide a much-needed boost to the construction industry while growing West Virginia's economy over the next decade.

IIJA will provide over \$3 billion in state formula funds for highways and \$500 million for bridges over the next five years. This represents nearly a 44 percent funding increase over the previous five-year highway bill. The American Road and Transportation Builders Association (ARTBA) projects this increased investment will add an additional \$678 million in state gross domestic product each year. ARTBA also notes the increased economic activity will benefit West

Virginia residents since disposable income will increase by \$249 million each year, an average of \$332 per household. State and local tax receipts will increase by an average of \$118 million per year. This is additional income that can be reinvested for other state programs.

Senator Shelley Moore Capito and Senator Joe Manchin were instrumental in crafting the bipartisan bill which passed the U.S. Senate 69-30. Rep. David McKinley, P.E., was one of 13 Republicans in the U.S. House, without whose support, the infrastructure bill would not have passed. The leadership they showed will fund significant upgrades to infrastructure in West Virginia, which got a "D" on its Infrastructure Report Card issued by the West Virginia Section of the American Society of Civil Engineers.

I thank AGC of America and ARTBA for their exemplary work on the bill, and all CAVV members who contacted our Washington delegation on the need to pass a meaningful infrastructure bill. It will create thousands of good paying construction jobs and it will improve the quality of life in all areas of our state.

Now the work begins. Federal agencies will have to oversee the surge in funding, including administering new grants and designing new programs. The Contractors Association of West Virginia looks forward to working with state and local agencies—from our transportation department to water and sewer utilities—who will have to identify and execute the needed projects. And this federal, state, and local coordination all comes amid continued challenges overseeing other expanded funding from the American Rescue Plan provided to West Virginia earlier this year.

CAVV members have been dealing with material shortages and wide price swings due to the COVID pandemic. The IIJA will mean greater demand for construction materials, in some cases creating greater competition between government and businesses for the same goods.

The CAVV is working with state agen-

cies to make sure they understand the many challenges contractors are facing during the COVID-19 pandemic. Public owners have been good to extend completion dates and eliminate liquidated damage (LD) charges when material has been delayed. The state Purchasing Division issued escalation clause language that can be included in contracts when pricing volatility is expected.

The new infrastructure bill will demand more workers, too. Public agencies will be competing for scarce talent with the private sector. The CAVV Workforce Development Task Force will continue its efforts to enhance career and technical training programs to create a future workforce for CAVV members. Task force members have been meeting to determine how construction curriculums are to be offered at community technical colleges (CTC) around the state.

The task force, with assistance from the CAVV Public Relations and Education committees, has developed a program called BuildWV that will be unveiled at the 2022 WV EXPO. The pandemic slowed the roll out of this program which will provide students, parents and guidance counselors with information on construction training, education and career opportunities.

This past year has posed many challenges for our industry but, as usual, our members rose to meet them head on. This is one of the key reasons our association is successful. Many members contribute their time and expertise to develop solutions and to create new opportunities.

The infrastructure bill will create many opportunities for our state, the CAVV and our members. I look forward to working with all our members to build a better West Virginia.

Sincerely,

Nate Orders
President

CAVV CONTINUES LEGISLATIVE ADVOCACY UNDER COVID-19 RESTRICTIONS

CAVV members benefit from CAVV's active participation in the legislative process at the local, state and federal levels affecting economic and infrastructure development. There were numerous issues in the 2021 legislative session that affected CAVV members and their employees. Even though the State Capitol was closed to the public, the CAVV still had an opportunity to represent the construction industry in committee meetings and in personal meetings with

senators and delegates.

S.B. 673, the CAVV's bill to require civil action regarding West Virginia construction contracts be resolved in West Virginia, passed 33-0 in the Senate and 99-0 in the House. The bill was developed by the CAVV Legislative Committee to mandate that West Virginia is the location where construction claims must be resolved if a party to a West Virginia construction contract breaches that contract. Under previous law, there may have been a dispute of only several thousands of dollars, yet West Virginia con-

struction firms were faced with bringing a lawsuit thousands of miles away, which is expensive, time consuming and disruptive.

Bills providing tax credits that will foster building development were passed. H.B. 3301 allows county commissions or municipalities to extend the duration of a tax increment financing district subject to consent of any municipality in the district. TIFs are limited to 30 years. The bill would allow any TIF created before December 31, 2020 to extend its TIF by five years, to December 31, 2050. S.B. 344 eliminates both

the sunset date for the qualified rehabilitated buildings investment credit and the maximum amounts allowable for the tax credit. Current law ended the tax credit December 2022 but recent successful rehabilitation projects, such as the Atlas Building in downtown Charleston and the Hotel Morgan in Morgantown, proved the benefit of the credits in restoring abandoned or underused structures.

Governor Jim Justice signed into law S.B. 277, creating the COVID-19 Jobs Protection Act. The legislation provides a liability shield for employers in West Virginia for claims that may arise due to the COVID pandemic.

Contractor and professional licensing requirements were greatly modified in H.B. 2006, relating to the West Virginia Contractors Licensing Board, and H.B.2008, a bill dealing with certification for electricians, fire sprinkler fitters, plumbers and HVAC technicians. These bills narrowly passed the Senate after a large majority of House members voted in favor. The bills were part of priority bills by the House of Delegates on occupational boards and professions.

WV Jumpstart Savings Act was introduced by state Treasurer Riley Moore to get new people into construction and other trades. H.B. 2001 creates a plan to allow individuals who wish to pursue a vocation or trade to make tax-free contributions to a savings and investment account. The plan allows for family members and the individual's employer to make contributions to the account. The plan beneficiary can later withdraw money from the account – which will be tax-free – to help cover business startup costs, equipment, tools, certifications, and licenses needed in the vocation or trade.

A number of bills were introduced that did not pass, including a CAWV opposed bill to remove the fees on electric and natural gas vehicles. Fees were included for alternate fuel vehicles in the 2017 highway funding bill for the first time ever as a way to have these vehicles pay to support driving on West Virginia's highways. The State Road Fund collects about \$1.5 million in annual revenues, but this is expected to increase as more alternative fuel vehicles are put in service.

INDUSTRY BACKED BIPARTISAN INFRASTRUCTURE BILL SIGNED INTO LAW

On November 15, President Biden signed the construction-backed Bipartisan Infrastructure Bill, also known as the Infrastructure Investment and Jobs Act (IIJA), into law. This was all possible thanks to the efforts by AGC of America, ARTBA, and other construction industry and business associations whose members made hundreds of thousands of contacts with their congressional representatives. The IIJA is the most significant

infusion of investment in infrastructure since the enactment of the Interstate Highway System in the mid-1950s. It provides market opportunities for highway, heavy, building, and utility contractors. And, it demonstrates to our members' existing and future workforce that there is sustainable work in the years to come.

West Virginia will receive about \$6 billion to rebuild its infrastructure including \$3 billion to repair roads and nearly \$200 million for Corridor H; \$500 million for bridges; \$40 million for airports; \$300 million for public transit; \$600 million to expand broadband access; \$475 million for water and sewer investments; around \$100-\$200 million to cap orphaned oil and gas wells; and at least \$700 million for Abandoned Mine Lands (AML) reclamation.

NATIONAL ASSOCIATIONS KEEP CONTRACTORS WORKING

The Associated General Contractors (AGC) of America is at the forefront of every issue affecting contractors on the federal level. AGC helped shape the federal Paycheck Protection Program (PPP) to make sure construction firms qualified for the loans. CAWV members had unlimited access to webinars and up-to-the-minute guidance on how to keep employees safe on the jobsite. In October, AGC met with the White House Office of Management and Budget (OMB) to share a host of concerns about the U.S. Occupational Safety & Health Administration's (OSHA) draft emergency temporary standard (ETS) requiring employers with 100 or more employees to ensure their workers are fully vaccinated against COVID-19 or tested for infection on at least a weekly basis. In November, AGC, along with industry allies, filed a lawsuit in the U.S. Court of Appeals challenging OSHA's COVID-19 ETS. OSHA announced on November 17 that it "has suspended activities related to the implementation and enforcement of the ETS pending future developments in the litigation." AGC continues its vigorous opposition to the "Protecting the Right to Organize" (PRO) Act because it will wreck the balance between an employee's right to bargain collectively and an employer's right to manage their business.

The American Road and Transportation Builders Association (ARTBA) joined AGC in the federal lawsuit challenging the recent OSHA COVID-19 ETS. ARTBA is defending multiple federal court cases involving the Trump administration's Navigable Waters Protection Rule (NWPR) since it seems likely the U.S. Environmental Protection Agency intends to withdraw the rules and revert to pre-2015 coverage levels. The NWPR clarified that roadside ditches are not "waters of the United States (WOTUS)." Rescinding the rule, as EPA proposes, would result

in permit delays and litigation as the West Virginia Division of Highways begins building projects under the new IIJA, including Corridor H. ARTBA continues to advocate on building and protecting the transportation construction market through its "Transportation Makes America Work," or TMAW, program.

CAWV AND STATE PURCHASING DEVELOP ESCALATION CLAUSE FOR USE IN STATE PURCHASING AND OTHER STATE AGENCY CONSTRUCTION CONTRACTS

The West Virginia Purchasing Division issued a memorandum, dated July 15, 2021, to various state agency procurement officers that price escalation clause language is available for use in public improvement projects where pricing volatility is expected. The CAWV enlisted the advice and support of Commerce Cabinet Secretary Ed Gaunch, Administration Cabinet Secretary Allan McVey, State Senator and CAWV member Glenn Jeffries, State Purchasing Director Mike Sheets and State Purchasing General Counsel James Meadows in developing a remedy for contractors and suppliers who are experiencing an unprecedented mix of steeply rising material prices and delays in the supply chain.

Although the clause is not automatically included in every construction contract, it can be added prior to the bid if there is reason to believe there will be a significant price increase of material or rental equipment of 20% or more between the date of bid submission and the date of the contract award. The total amount of all change orders dealing with the escalation clause may not exceed 10% of the total contract price. The result of the new policy is to allow agencies to get a lower price on construction contracts due to risks in bidding being reduced.

HIGHWAY CONTRACTORS ADDRESS CHALLENGES AND OPPORTUNITIES

Highway contractors and the WVDOH are still utilizing technology during the pandemic to continue their partnership of working together on key issues, including workforce and material shortages, permitting backlogs and cash flow concerns. The joint WVDOH/CAWV Finalization Task Force released eight new training videos that focus on contract finalization, a major issue for industry and the division.

All the committees were extremely active. The Specifications Committee held six meetings this year approving changes to 73 Standards that will be incorporated into their 2022 Supplemental Specifications and effective on all projects bid on or after January 1, 2022. One of the more controversial package of specification changes (Sections 102, 103, 108 and 109) relates to the agencies overhaul of their Contractor Prequalification

and Bid Analysis Programs. Beginning next year, the changes will require all contractors, including subcontractors and DBE's, to be prequalified in the items of work they plan to perform; eliminates certified financial statements; introduces fractional bonding; contractors to be rated based on project evaluations and performance factors; and more. Other notable changes include 107.21.1-Erosion and Sediment Control (updates NPDES permit registration); 307.9.1-Price Adjustment (gradations); Section 410-Asphalt PWL; and several Section 636 changes relating to Traffic Control Supervisor and Flagger requirements, arrow boards and message signs.

Additionally, 34 project specific Special Provisions were approved.

The Standards Committee met four times and notable changes include repeal of the WVDOH Erosion and Sediment Control Manual and Design Directive (DD); changes impacting Temporary Erosion Control; Salvage Value of Materials; Selection of Pipe Materials; Determination of Completion Dates; and more. The MP Committee met eight times approving 14 MP changes, including a significant rewrite of the Technician and Inspector Certification Program Handbook. The Manuals Committee held its first meeting this year, announcing an update of the 2002 WVDOH Construction Manual.

The association worked with the WVDOH on a number of Purchase Order (PO) issues including quarterly reporting, a new asphalt preservation/pavement markings PO contract, and changes to select annual PO contracts for maintenance materials. The CAWV participated in the West Virginia Caucus on Every Day Counts-6 (EDC-6) innovations, selecting initiatives to pursue locally on e-Ticketing and Digital As-Builts; Strategic Workforce Development; Targeted Overlay Pavement Solutions; and UHPC for Bridge Preservation and Repair.

CAWV PRESIDENT'S AWARD DEVELOPED, PRESENTED AT ANNUAL MEETING

The first recipient of the CAWV President's Award was honored at the 2021 Annual Meeting. CAWV Safety Committee created the award to recognize a member that has gone above and beyond in exceeding expectations and demonstrating excellence to help build a better West Virginia. This year's award focused on the initiatives that members took to develop and implement new safety procedures to help overcome the hurdles that were faced during the COVID pandemic. Numerous members submitted impressive new policies and procedures. This year's winner is Kelly Paving, Inc. Kelly Paving's team came up with an innovative

way to provide hands-free wash stations for employees in order to keep them working safely. They designed, built, and delivered wash stations to each project.

NEW WORKERS' COMP PROGRAM UNVEILED FOR CAWV ASSOCIATE MEMBERS

The CAWV partnership with Encova 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. In 2021, CAWV members that took advantage of the program saved on the cost of their workers compensation premiums.

CAWV Associate Division members are now eligible for the policy premium discount if their operations require them to be on construction sites or perform work similar to construction. A seminar was held in December on the new benefit program. All members can contact their insurance providers to learn more about the Encova plan. The plan is also detailed in the September/October issue of *West Virginia Construction News* magazine.

The CAWV/Encova program is also a great resource for safety training programs.

SAFETY COMMITTEE EDUCATES AND RECOGNIZES MEMBERS FOR WORKING SAFER

The CAWV recognized the association's 2020 Safety Excellence Award winners during the CAWV Annual Meeting. The association annually recognizes contractor and associate members who have exhibited a superior effort to improve safety in the construction industry. Members participating in the program are scored on their documented safety policies and procedures, their commitment and approach to safety and health, and their recorded statistical data for the year. Special attention is given to the quality of safety training provided to employees and members who demand active employee involvement in their safety process. The 2020 Safety Excellence Award winners included 16 members from the Building, Utilities, Highway/Heavy, Industrial and Associate Divisions.

TASK FORCE CONTINUES TO CREATE FUTURE CONSTRUCTION WORKFORCE

The Workforce Development Task Force continues its efforts with the West Virginia National Guard and the Governor's Jobs and Hope of West Virginia equipment operator training course. This year the program also added students from the Mountaineer Challenge Academy. The task force invites CAWV members to Camp Dawson to meet graduates of the equipment op-

erator training course, and to offer input on the training and how to make sure graduates are ready to be employed by CAWV members. The guard continues to find good quality candidates and increase class sizes.

Task force members have been meeting to determine how construction curriculums are to be offered at community technical colleges around the state.

SCHOLARSHIP PROGRAM AWARDS \$16,000 IN 2021

The CAWV's annual scholarship program continued its mission in 2021 by contributing \$16,000 to six students pursuing careers in construction. This year's top winner, Taylor Farnsworth, Fairmont State University, was joined by five other recipients from Fairmont State University, West Virginia University and WVU Institute of Technology. The Scholarship Foundation Board of Trustees was also able to raise money this year from two separate CAWV Scholarship Golf Outings.

CAWV WORKING FOR MEMBERS

The CAWV is pleased to welcome to the CAWV staff Shelly Hartley as Administrative Assistant. Shelly will be working with the CAWV Planroom and Bid Clearinghouse, as well as assisting in day-to-day operations. She will also be involved in membership and committee engagement. Shelly brings over twenty years of knowledge and experience in the hospitality industry which will be beneficial to the association. Prior to joining the CAWV, she served as the Catering Event Manager at the Charleston Coliseum and Convention Center.

The Asphalt Pavement Association of West Virginia (APAWV), a division of the CAWV, announced that John Crane, P.E. became Executive Director of the organization, effective November 1. John previously served as the Pavements, Materials, and Field Applications Engineer for the Flexible Pavements of Ohio and has eight years of experience with the West Virginia Division of Highways' Materials Control, Soils and Testing Division where he last served as the Asphalt Group Supervisor.

The CAWV bids a fond farewell to Pat Parsons who is retiring after 43 years with the CAWV, including the last 35 years as Executive Director of APAWV. He also served as the West Virginia Construction and Design EXPO show manager for over 30 years, until 2014. Pat's outstanding accomplishments have included the creation of an Endowed Chair in Asphalt Technology at WVU and being named WWASHE "Man of the Year" in 2006.