

CONTRACTORS ASSOCIATION OF WEST VIRGINIA

2008 ANNUAL REPORT



HARD AT WORK



Tough times are not new to West Virginia's construction industry.

This is why the Contractors Association of West Virginia works year after year to ensure there is perpetual funding

for highway, building and utility construction projects. This hard work will help cushion the negative economic downturn construction may face over the next few years.

Although our bottom lines may be affected in the short term, the CAWV has positioned the construction industry in West Virginia to weather the economic storm.

This year, the CAWV worked with Governor Joe Manchin and the School Building Authority to pass legislation that will provide an average of \$70 million per year through 2025 for new school construction and renovation projects. This is the first time in modern history that there is a perpetual funding mechanism for school construction.

The CAWV has been working to build public awareness for investment in water and sewer infrastructure. These efforts will continue in 2009. In conjunction with the Associated General Contractors (AGC) of America, Penn State University has produced a documentary titled "Liquid Assets: The Story of Our

Water Infrastructure." The 90-minute presentation explores why water, sewer and stormwater systems are essential to public safety, economic development, basic sanitation and quality of life. Many of these systems have gone without maintenance for more than 100 years and are crumbling beneath our communities.

The CAWV will sponsor the showing of "Liquid Assets" on West Virginia Public Broadcasting, along with a roundtable discussion, "West Virginia Assets: Infrastructure in the Mountain State." The discussion highlights the issues facing the supply of safe, clean water throughout the state, including our unique topographic challenges and the \$3 billion need for wastewater and stormwater systems.

AGC and The American Road and Transportation Builders Association (ARTBA), the CAWV's two national associations, were hard at work this year on the federal level to promote contractors and the industry.

Leo Vecellio Jr., president and CEO of The Vecellio Group, completed a successful year as ARTBA chairman. Leo led the development of a plan to push for passage of SAFETEA-LU, the federal-aid highway funding bill which must be reauthorized by October 1, 2009. He also lead ARTBA's efforts to provide for reasonable environmental regulations for heavy and highway construction projects.

AGC of America, and its 96 chap-

ters, were presented with the National Building Museum's 22nd annual Honor Award, in recognition of the association's significant impact on the field of construction and leadership in shaping, defining, and advancing the industry. Your CAWV leaders attended the May 21 awards ceremony which honored AGC for its 90 years of service to the nation's construction industry.

AGC and ARTBA promote and protect CAWV members' interests in our nation's Capitol, and they will be very active this year as they work with a new administration and many new Congressional leaders.

The CAWV will work this year with the new senators and delegates elected to the West Virginia Legislature. Our committees will continue their work to develop future goals and an action plan to achieve the association's long-term vision of creating a good climate for construction in West Virginia.

As we face an uncertain economy, one thing is certain: The CAWV is working to ensure a healthy construction industry in West Virginia.

This year's annual report is just a sample of how the CAWV and our members are "Hard at Work" every day building a better West Virginia.

Sincerely,

Michael D. Griffith
President

LEGISLATIVE SESSION SEES SOME MAJOR WINS FOR CONSTRUCTION

The CAWV's legislative efforts, an essential membership service, in 2008 saw positive changes for the construction industry. The CAWV worked with Governor Joe Manchin and the WV Legislature to pass bills leading to increased construction funds and an improved business climate in West Virginia.

S.B. 297 allows the School Building Authority to use their annual \$19 million pay-as-you-go funding for debt service on bonds, ending the boom-bust cycle associated with school construction (see related story). S.B. 682 provides \$78 million for community and technical

college projects throughout the state. The bill creates a special fund known as the Community and Technical College Capital Improvement Fund and authorizes the Higher Education Policy Commission to allocate \$5 million annually in state lottery funds for debt service on bonds.

This year also saw passage of H.B. 4476, the Public-Private Transportation Facilities Act. This bill gives the state of West Virginia the ability to utilize public-private partnerships to build highway projects, but maintains state control over tolls and mandates that no State Road Funds may be used, only General Revenue Funds or federal funds specifically earmarked for a project.

S.B. 466 authorizes the Water

Development Authority to provide assistance for the development of stormwater systems and authorizes administration of a loan program designed to bring deficient dams in West Virginia into compliance.

Bills defeated during the 2008 Session included a mandatory health insurance bill, mandatory sick leave bill and the very contentious captive audience bill, which would have placed restrictions on an employer's right to discuss business issues with employees.

In the final days of the session, legislators passed a supplemental appropriations bill that provided an additional \$25 million for the WV Division of Highways spring paving program, bringing it to \$50 million.

SCHOOL BUILDING AUTHORITY STRENGTHENS PROGRAM

School construction has a significant impact on West Virginia, adding over \$1 billion to the economy during the past five years, according to a study conducted by the West Virginia University Bureau of Business and Economic Research, and released jointly by the School Building Authority (SBA) of West Virginia and CAWW.

In 2008, Governor Joe Manchin introduced a bill that allows the SBA to use the \$19 million it receives annually from the State Excess Lottery Fund for pay-as-you-go construction projects on debt service on approximately \$200 million in bonds. The bill allows the SBA to stagger bond issues, thus providing \$65 to \$75 million for construction per year through 2025. This creates a consistent funding level so contractors will know exactly how much school construction will be performed annually.

In June, the SBA finalized their "Quality and Performance Standards" document for school construction. The new document creates standards to be used when designing and building schools throughout the state. The Joint Architects Committee worked with the SBA throughout the process to develop a document that will streamline the design and construction of School Building Authority projects.

To further streamline contract administration, the SBA announced it will be utilizing a new information management system to provide electronic communication and storage of project information. SBA plans to use Constructware on three projects in 2009 and eventually on all projects where applicable.

Finally, the SBA announced Spring Mills Elementary School in Martinsburg will be built to Leadership in Environmental Energy and Design (LEED) standards, making it the first "green" school in West Virginia.

YOUNG CONTRACTORS ACTIVE IN '08, MORE PLANNED IN '09

The CAWW Young Contractors Committee worked diligently in 2008 to raise awareness about the committee's functions and to hold events throughout the state that would interest up-and-coming construction industry profession-

als. Committee members participated throughout the year in the association's mentoring program which joins young contractors with established committee members, creating a resource to learn about a committee's functions. Members also worked with Habitat for Humanity to build a house and toured construction in North Central West Virginia. In 2009, the committee will do another Habitat for Humanity project, participate in "Construction," tour several prominent construction projects and hold educational seminars.

CAWW CELEBRATES 20th ANNIVERSARY OF CONGRESSIONAL FLY IN

CAWW members went to Washington on May 21 to meet with West Virginia's senators and representatives to discuss issues that are vitally important to the construction industry. The 2008 fly-in marked the 20th anniversary of the association's annual trip to Washington.

On the agenda at this year's meeting were: Pushing for total repeal of the 3 percent withholding tax on government contracts; support of the Baucus-Grassley Highway Trust Fund fix to prevent a \$120 million loss in federal highway funds for West Virginia in FY 2009; reauthorization of the federal-aid highway bill before it expires on October 1, 2009; support of legislation to restore and increase funding for West Virginia's Clean Water State Revolving Fund (SRF); and opposition to a proposed change to the Clean Water Act which would remove the word "navigable" from the definition of waters controlled by the U.S. Corps of Engineers Section 404 permit.

CAWW WINS AGC PUBLIC RELATIONS AWARD

The CAWW accepted an award for "Best Infrastructure Awareness Campaign" for West Virginians for Better Transportation (WVBT) from the AGC of America at their Annual Convention in Las Vegas. This is the fourth AGC public relations award the CAWW has won. The association won for "Best Infrastructure Awareness Campaign" for the \$300 million Clean Water and Jobs bond amendment in 1994, "Best Community Service Project" for the pavilion at Charleston's River Front Park in 1996 and "Best Overall Campaign" for "Hard at Work" in 2002.

BUILD UP BRINGS CONSTRUCTION INTO THE CLASSROOM

The CAWW Education committee has focused on Build Up, the first phase of the AGC of America's Construction Futures campaign. The program, which is active in 16 classrooms in 11 West Virginia counties, is designed to enhance the image of the construction industry through coordinated educational and community service activities. The Education Committee is working to bring the program into 25 classrooms in 2009. Build Up provides a comprehensive look at the construction industry to thousands of teachers, 3rd to 5th grade students and their parents throughout the country.

JOINT UTILITIES COMMITTEE WORKS TO EXPEDITE PROJECTS

The Joint Utilities Committee has met regularly with federal and state water and sewer funding agencies and public service commission officials to study more efficient and cost-effective measures to bid and complete projects. Regulatory and funding agency officials met with engineers and contractors throughout 2008 to study best practices to get funded projects designed and out for bid sooner. The task force was established in October 2005 and continues to meet bi-monthly to discuss industry issues.

WVUCA CONTINUES WORKING TO BRING WATER TO ALL OF WEST VIRGINIA

The West Virginia Utility Contractors Association held its quarterly meeting on September 30. The meeting featured an update on federal funding measures for water and sewer construction along with WV American Water President Wayne Morgan, who shared with members their 2009 construction program. Morgan also discussed the public-private partnership model they are using in West Virginia and the capital improvement project budget.

ALCOHOL AND DRUG TESTING PROGRAM EFFECTIVE JULY 1

The CAWW held regional educational seminars to inform members about the new mandatory state alcohol and drug testing law passed during the 2008

legislative session. The Alcohol and Drug Testing Act, which became effective July 1, requires contractors who bid public improvement projects to have a specified alcohol and drug testing program.

CAWV ROLLS OUT PROMOTIONAL VIDEO

The CAWV Public Relations Committee developed and launched a promotional video this year. The video interviews CAWV members about what makes the association so important to their businesses. Members discussed the association's legislative and lobbying program, committee functions, networking opportunities and association publications. The Public Relations committee debuted the video at the Midyear Meeting held in July at The Greenbrier. The video is available for viewing on the association's website at www.cawv.org.

JOINT COOP ADDRESSES MANY ISSUES

The CAWV/WVDOH/FHWA Joint Cooperative Committee worked on many issues this year, including specification revisions and special projects. Eleven member firms are involved in a WVDOH pilot project that will help deliver full implementation of electronic bidding in 2009. Another task force is helping develop the next generation of design-build policies and procedures for highway construction in West Virginia. The Section 108 Task Force continued work on a complete rewrite of the section, while a special Steel Task Force submitted a proposed steel escalation specification to the WVDOH for their consideration. A new Pavement Smoothness Specification went into effect this year after several years of development by WVDOH and industry. The CAWV and Asphalt Pavement Association of West Virginia also worked closely with the State Auditor and WVDOH on the expanded use of the Purchasing Card (P-Card) for payment of materials and services procured through WVDOH purchase order contracts.

The Joint Coop Committee monitors the work of eight subcommittees and several task forces.

CAWV SCHOLARSHIP FOUNDATION EXPANDS EDUCATIONAL OUTREACH

The CAWV Scholarship Foundation contributed a total of \$13,500 to institutions, students and the National AGC of America Scholarship Foundation in 2008. The Foundation awarded \$7,000 to nine engineering students representing Marshall University, West Virginia University Institute of Technology, Fairmont University and West Virginia University. This year's \$4,000 winner was Ken Hacker, a civil engineering student at Fairmont State University. In addition, three local vocational schools received \$500 each to assist their construction trades program. The National AGC Scholarship Foundation was awarded \$1,000.

WVCAC ACTIVITIES

The West Virginia Crushed Aggregates Council submitted comments to the U. S. Department of Labor, Mine Safety and Health Administration, regarding its proposed Alcohol and Drug-Free Mines Rule. The WVCAC is concerned that the rule could create a significant safety risk by prohibiting mine operators from terminating employees who violate the mine operators policy and test positive for alcohol or drugs. The WVCAC commented that the proposed rule prohibits owners from enforcing established "zero tolerance" drug and alcohol policies, which weakens an employer's safety program.

EXPO ANOTHER SUCCESS

The 29th edition of the WV Construction and Design Exposition (EXPO) attracted nearly 6000 attendees from 30 states. The two day show at the Charleston Civic Center offered attendees the opportunity to visit 286 exhibitors with 500 indoor booths, plus several outdoor displays. The show also featured 98 Honor Exhibitors; 50 quality seminars and meetings and a 76-page program. More on the event and the 2009 show can be found at www.wvexpo.com.

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