

CONTRACTORS ASSOCIATION OF WEST VIRGINIA
2009 ANNUAL REPORT





Nationwide, contractors, subs and suppliers are experiencing a challenging year due to the ailing economy. Because the CAVV works year after year to ensure there is perpetual funding for highway, building and utility construction projects, West Virginia's public construction programs are in better shape than most.

The CAVV will continue to emphasize its legislative work on the state and federal level to assure more funding for infrastructure programs. In 2009, association leaders worked with Governor Joe Manchin and House and Senate leaders during the November special session of the West Virginia Legislature to stabilize funding for the West Virginia Division of Highways. Funding for the state's secondary road paving and bridge programs was set to drop \$23 million on January 1, 2010. Actions taken will keep the highway program stable while work continues to provide new and additional measures to fund adequately the state's transportation system.

Adequate infrastructure funding is always a focus of the CAVV. The American Recovery and Reinvestment Act (ARRA) of 2009, which Congress passed in February, provides hundreds of millions for construction programs in West Virginia. CAVV members were the first to know how state and federal contracting agencies

planned to advertise and bid the projects. Over 350 members attended a symposium to hear agency officials outline their programs and learn about contracting opportunities. Special provisions of the ARRA, along with specific details about bidding, put CAVV members ahead of the game, positioning them for success.

Throughout the year, the CAVV Board of Directors has looked at virtually all the processes and programs offered by the association to focus on providing tangible benefits to our members. In this year's strategic plan, the board adopted goals and objectives to make sure the association provides not only the best services to our members, but the right services.

The CAVV has begun offering opportunities for members to save money through a number of discount programs. The association entered an exciting new partnership with BrickStreet Mutual Insurance Company that has resulted in significant savings on our members' workers' compensation insurance costs. Over 75 companies are saving more than one-half million dollars in premiums and members are signing up daily. In addition to controlling costs, the program is increasing safety on the job site and offers numerous resources for participants.

Discount programs offered by the CAVV include Verizon, Staples, Enterprise, Petroleum Products, General Motors and others, which are available through AGC of America. These programs will save our members money and provide a tangible benefit to membership in the association.

To make the CAVV more accessible to mem-

bers, the strategic plan calls for increased use of video conferencing, webcasts and podcasts so more members can take advantage of joining with their peers, addressing industry issues, and attending educational seminars.

The strength of our membership, along with their participation on committees, task forces, seminars and programs, are the heart of this organization.

Members of the CAVV can bank on the fact that we will be working for increased funding, offering benefits that impact the bottom line and providing strategies to give members an edge in the construction industry. Members can be proud that the CAVV is working toward a better West Virginia through numerous avenues, including community involvement.

The AGC of America awarded the CAVV its prestigious AGC in the Community Award (pictured on the cover) for work done to improve the lives of children. From building a driveway for two wheelchair-bound children, to constructing a playground and participation with Habitat for Humanity, the CAVV works diligently to create a state we can all call home.

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

Sincerely,

David B. Alvarez
President

POLITICAL PROCESS REQUIRES MEMBERS' INVOLVEMENT

The 2009 strategic plan emphasizes the need for members to be involved in the CAVV's legislative efforts and political action committee, HUB/PAC. The CAVV will be offering members opportunities to see first-hand how legislation impacts their companies and their employees, and to become more involved in the political process.

The 2009 legislative session dealt with a number of construction-related bills but very few provided any new investment in infrastructure. S.B. 680, freezing the wholesale gas tax at the current 11.7 cents a gallon, passed the Senate and died in the House. After much discussion throughout the year on highway revenue shortfalls, Governor Joe Manchin called a special session of the West Virginia Legislature November 17 and included the issue on the call. Legislators passed S.B. 4004, which will stabilize the State Road Fund. The bill makes the current 20.5 cent retail gas tax permanent and transfers \$27

million to the Road Fund to be used for secondary road paving.

Bills that did pass the legislative process include: H.B. 3076, adding tower cranes to the state's crane operator certification classification; H.B. 2771, extending the current drug and alcohol testing program requirements on state contracts to all publicly-funded construction projects over \$100,000; H.B. 2753, which gives the West Virginia Division of Highways the ability to continue a pilot program to determine the benefits of the Design-Build method of construction; S.B. 246, which will provide \$120 million in added funds to the state's unemployment compensation program, which has seen enormous increases in claims this year; and S.B. 537, dealing with workers' compensation, of particular interest to the contracting industry a section dealing with a prime contractor's responsibility regarding their subcontractor's workers' compensation coverage.

A number of bills impacting business operations surfaced, including a bill to mandate lunch

and other breaks, requiring employers to use the electronic E-Verify program to verify legal employment of workers, mandating contractors working on public works projects to provide health care for employees and employee access to personnel records. Much time was expended to explain the detrimental affect these bills would have on the employer community.

2010 TO BE MARKED BY ENHANCED TECHNOLOGY

The CAVV will increase usage of video conferencing, webcasts and podcasts throughout 2010 to enhance member participation. In late 2009, the association began using the technology for committee meetings. In the coming year, members will be offered the opportunity to participate in meetings, view speakers live or via podcasts, and take advantage of educational seminars. The CAVV is also going to launch a new website offering increased interactivity for member firms, enhanced promotion of issues and streamlined communication efforts.

NEW SUPPLEMENTARY GENERAL CONDITIONS DEVELOPED

The CAWV Joint Architects Committee Task Force has been working for nearly two years to develop supplementary conditions to modify the *General Conditions of Contract for Construction* for state-funded construction projects. Task force members completed their work in November on a number of AIA 2007 documents, including A201 and A141, which deals with design-build contracts. Task force members took an additional step this year and developed suggested supplementary conditions for use in privately-funded construction projects. The task force includes contractors and architects, representatives of the Attorney General's office, state contracting agencies and higher education facilities.

BRICKSTREET PROGRAM OFFERS SIGNIFICANT SAVINGS TO CAWV MEMBERS

The CAWV and BrickStreet Insurance entered into an exciting new partnership that is resulting in significant savings on members' workers' compensation insurance costs. The program provides a 9.5% discount on workers' comp premiums to contractor members with a three-year loss ratio of 65% or less. Since being implemented in April, over 70 members have saved nearly \$750,000 off their premium payments.

JOINT COOP WORKS TO COMPLETE NEW WVDOT SPECIFICATIONS

The CAWV/WVDOT Joint Cooperative Committee's subcommittees have focused this year on the state's Special Provisions and Standard Specifications. The group, which sorted through dozens of Special Provisions that were being inserted into projects, published a new *Supplemental to the Standard Specifications* in January 2009, consisting of 277 pages, changing 28 of 64 sections including 401, 601 and 711. The committee is currently focused on publishing a new specifications book in 2010, which is likely to include significant changes to 108, 201, 207, 679 and provisions related to the use of Design-Build, Public Private Partnerships and alternate bidding for new pavements.

The Specifications Subcommittee has been meeting monthly and the Publication Subcommittee meets bi-monthly to work on updating other publications and documents.

YOUNG CONTRACTORS ACTIVE IN '09

The CAWV Young Contractors Committee worked in 2009 to offer programs for up-and-coming construction industry professionals. A mentoring program, job site tours, receptions, tailgates, educational seminars and an entry in Construction rounded out the year's events.

CAWV DRAWS ATTENTION TO AGING WATER INFRASTRUCTURE

The Associated General Contractors of America (AGC), along with other sponsors, worked with Penn State Public Broadcasting to develop the national documentary, "Liquid Assets: The Story of Our Water Infrastructure." The documentary was accompanied locally by "West Virginia Assets: Infrastructure in the Mountain State," which featured a round table discussion on the issues facing the supply of clean water in the state. The documentaries were shown on public broadcasting stations throughout the state, beginning in January. Promotional efforts garnered the attention of Governor Joe Manchin who spoke at a legislative reception held by the CAWV in March. In 2010, the association will continue to spread the message that systems are aging, adequate service is lacking and funding is insufficient.

CAWV RECEIVES AGC IN THE COMMUNITY AWARD

At the 90th Annual AGC Convention held March 4-7 in San Diego, CA, the CAWV received the "AGC in the Community Award" for constructing a driveway for a local family so their children, who both suffer from Muscular Dystrophy, could use their wheelchairs to get to the school bus and neighborhood activities. The award is part of AGC's national charity effort to encourage member companies to donate time and materials to enhance their communities.

JOINT UTILITY COMMITTEE CONTINUES ADVANCING THE INDUSTRY

Throughout 2009 the CAWV Joint Utility Committee has been meeting with representatives of the WV Water Development Authority, Public Service Commission, USDA Rural Utility Service, WV Infrastructure and Jobs Development Council, WV Department of Environmental Protection and other agencies to discuss issues affecting utility construction in West Virginia. Topics have ranged from bid document uniformity, funding issues, limiting the time between bid and award, material shortages and availability, the Buy American Act and best practices, among other issues. The committee continues to meet bi-monthly to discuss industry issues.

EDUCATION PROGRAM GROWS

The CAWV's annual Scholarship Program received a record 22 applications in 2009, contributing \$8,000 to further careers in construction. This year's top winner, Jennifer Stains, a senior studying civil engineering at West Virginia University, was joined by six other recipients. The Asphalt Pavement Association of West Virginia also presented scholarships, total-

ing \$4,400, to two civil engineering students at WVU who are interested in asphalt technology. The APAAW donated textbooks to students taking the asphalt course. In addition to the scholarship program, the CAWV / AGC "Build Up" program, which exposes 5th and 6th grade students to careers in construction, has become a part of the curriculum in 34 counties in the state.

CAWV WORKS CLOSELY WITH WVDOT TO ADVANCE THE INDUSTRY

The CAWV has worked closely with the WVDOT on the advancement of electronic bidding, which became mandatory on October 14, 2009. Waste and borrow site issues, DBE goals, Class H and mass concrete, escalation clauses, WVDEP regulations and the creation of a Dispute Resolution Board are other examples of issues being discussed through various subcommittees of the Joint Cooperative Committee. Concrete and asphalt committees are both involved in examining pavement rehabilitation strategies and working on specification changes that will improve the quality of West Virginia's roads and bridges.

The introduction of warranties on paving projects will be the focus of pilot projects currently being developed. The paving industry is also working on the use of warm mix asphalt, which was placed on some projects this year. The WVDOT has indicated its interest in expanding the use of Purchase Orders for delivery of the paving program. The Aggregate Purchase Order program remains a semi-annual contract, as recommended by the WV Crushed Aggregates Council, which also helped secure a time extension for obtaining individual NPDES permits made necessary by WVDEP's decision not to renew the General Stormwater Permit.

CAWV MEMBER APPOINTED TO NEW AGC MUNICIPAL & UTILITIES STEERING COMMITTEE

Dick Smailes, Famco, Inc., Huntington, has been appointed to serve as a regional representative on the AGC of America's Municipal and Utilities Steering Committee by AGC President Doug Pruitt. The role of the M&U Steering Committee is to guide the direction of AGC's Utility Division and implement priorities. Division members identified three Emphasis Area Networks that will consist of members focused on special construction areas, including: Utility Market Network, Utility Regulation Network and Utility Liaison Network. These networks will allow members that have a special interest in these areas to share information and identify issues that should be addressed by the M&U Division, which was formed as a result of action taken at the 2009 Annual Convention.

WVBT CONFERENCE BRINGS LEADERS TOGETHER TO TALK TRANSPORTATION

Nearly 200 people joined West Virginians for Better Transportation in Beckley on November 10 to talk about the dire need to find additional funding for the state's highway system. The CAWV is one of the founding members of WVBT, which has grown since 2007 to include over 260 supporters. Attendees heard about the major challenges facing West Virginia's transportation system, and how those needs will be funded. The conference provided updates on the state's transportation plans as well as the outlook for state and federal funding. Congressman Nick Rahall, Vice Chairman of the U.S. House Committee on Transportation and Infrastructure; Governor Joe Manchin; WVDOT Secretary Paul Mattox; House Finance Committee Chairman Harry Keith White; and Senate Finance Committee Chairman Walt Helmick shared their perspectives with attendees and began serious discussion about finding solutions to highway funding.

PROJECT PLANNING AND DESIGN

The CAWV has joined with architects and engineers to keep members updated on the latest project information. In addition to project details available through the CAWV, the association is now providing information on projects in the planning and design phase. This allows contractors to follow projects from the planning and design phases through a project's bid and award. These projects are available on iSqFt and through the weekly CAWV Newsletter.

CONSTRUCTION SYMPOSIUM EXPLORES RECOVERY ACT'S OPPORTUNITIES

Nearly 350 CAWV members and guests met with state and federal agency representatives in March to discuss the newly passed American Recovery and Reinvestment Act of 2009 and the construction programs that would subsequently be created. Representatives from the WV Division of Highways, WV Department of Environmental Protection, Water Development Authority, US Army Corps of Engineers, WV National Guard, General Services Administration, School Building Authority and Federal Highway Authority told members the details and funding amounts contained in the \$850 billion stimulus package. Members ended the enlightening session with a question and answer session with agency leaders.

PROGRAMS PROVIDE MEMBER BENEFITS

2009 saw the addition of multiple new member benefits to bring additional value to CAWV member participation. Savings offered to all members include office supply savings with the

Staples Advantage Plan, savings on new GM vehicles through General Truck Sales, Enterprise Fleet Management discounts and wholesale fuel pricing from Petroleum Products Fleet Fueling. Additional benefits, for contractor members only, include 22 percent off monthly access fees from Verizon Wireless and a 9.5 percent discount on workers' compensation premiums through BrickStreet for members that qualify. The details of these programs can be viewed on the CAWV website at www.cawv.org. In addition to the CAWV money saving programs, opportunities for further savings are available through AGC of America. Information about AGC programs is available through its website at www.agc.org/member_discounts.

NATIONAL ASSOCIATIONS WORKING TO STRENGTHEN CONSTRUCTION INDUSTRY

The Associated General Contractors (AGC) of America and American Road and Transportation Builders Association (ARTBA) represent the construction industry in Congress and throughout the nation. Both associations are working toward reauthorization of the federal highway bill, health care reform and promoting a positive image of the construction industry. AGC has focused on reauthorization and increased funding for the Drinking Water SRF and Clean Water SRF. Critical commerce corridors, aviation program, promotion of the American Recovery and Reinvestment Act (ARRA) of 2009, monitoring construction employment, and blocking efforts to federalize national waterways marked the top legislative priorities of ARTBA.

AGC unveiled a new plan designed to revive the nation's construction industry. The plan, "Build Now for the Future: A Blueprint for Economic Growth," is designed to reverse predictions that construction activity will continue to shrink through 2010, crippling broader economic growth. The mix of new incentives, tax cuts, policy revisions and infrastructure investments outlined in the plan are needed to stem the dramatic decline in construction activity and employment taking place nationwide.

TRIP SURVEY RELEASED JULY 8

Over the next ten years, West Virginia's transportation system will face a nearly \$5 billion funding deficit, according to The Road Information Program (TRIP). The West Virginia Department of Transportation estimates that \$9.75 billion will be needed through 2018 to improve road and bridge conditions, enhance economic development, provide needed safety measures and relieve traffic congestion, but only \$5 billion will be available during that time. More than one-third of West Virginia's roads are in poor or

mediocre condition, 37 percent of the state's bridges are deficient, and its traffic fatality rate is the third highest in the nation, according to a new report titled "Future Mobility in West Virginia: Meeting the State's Need for Safe and Efficient Mobility." The report was released on July 8 during a press conference held at the I-64 Kanawha River Bridge currently being built by Brayman Construction Corporation, Saxonburg, PA.

NEW MEMBER ORIENTATIONS BEGIN

On September 16, CAWV staff and officers met with those who have recently joined the association to present an overview of activities, events and information available to members. CAWV President David Alvarez welcomed the new members and Treasurer Gene Thompson, chairman of the Membership Committee, encouraged everyone to take full advantage of the association's services and get involved. Members appreciated the opportunity to learn firsthand about what the association does. Based on the positive response and increased participation of those who attended, orientations will be held semi-annually throughout 2010.

EXPO CELEBRATES 30 YEARS OF SHOWCASING THE CONSTRUCTION INDUSTRY

Each year since 1979, the West Virginia Construction and Design Exposition (EXPO) has included more visitors, more exhibitors and more seminars, making it the region's best and largest trade show for the construction, design and technology industries. From modest beginnings in the parking lot of the South Charleston Ramada Inn, the 30th annual Expo attracted over 6,000 people from 26 states to the Charleston Civic Center. The two-day show offered attendees the opportunity to visit 305 exhibitors - including five from the original show - with 490 indoor and 22 outdoor booths, or participate in any one of 64 educational seminars. The show also featured 83 honor exhibitors, 19 co-sponsors, a 72-page program and free wireless internet. More on the yearly event can be found at www.wvexpo.com.

MCDONALD JOINS CAWV

Pat McDonald has joined the CAWV as Director of Member Services. He will be responsible for several association committees, educational programs, new member recruitment and existing membership retention. He brings both sales and business expertise to the membership, having owned his own business for many years. Pat will be traveling throughout the state during the coming year, meeting members and promoting a positive image of the construction industry.

