



CONTRACTORS ASSOCIATION OF WEST VIRGINIA 2011 ANNUAL REPORT





The state of West Virginia, although certainly feeling the impact of a national economic recession, has retained a steady economic environment through uncertain times. The WV Legislature's actions throughout the years have put West Virginia in better fiscal shape than nearly any other state in the nation. The same can be said for our construction industry. Due in large part to efforts made over many years by the Contractors Association of West Virginia, our industry has avoided crushing downturns seen in other states and is forging ahead by showing signs of recovery.

West Virginia was the site of a national Associated General Contractors of America (AGC) news conference in September because the Charleston Metropolitan Statistical Area had the fifth highest growth in the nation, a fifteen percent increase between July 2010 and July 2011 (2,300 jobs). We joined our national association to explain that it is clear that public investments in water, sewer, roads, bridges and schools will put thousands to work.

While the structures West Virginia construction workers build are sturdy, the jobs they have remain fragile. With federal, state and local budgets tight, and growing tighter, there will be a lot of short-sighted temptation to cut investments in public buildings and infrastructure. This is something this association will continue to work hard to avoid; it will put people out of work, hurt our economy and cost taxpayers more. That is because these public sector jobs aren't just creating new construction jobs, they are giving a much needed boost to the broader economy.

Needless to say West Virginia has not been completely immune to the national downturn in the economy. Statewide, construction employment has declined over 19 percent during the past three years. That is why the CAWV continues to advocate for increased funding for the Division of Highways, School Building Authority, Infrastructure and Jobs Development Council, Department of Environmental Protection and all other agencies that will stimulate demand for new construction.

The Contractors Association of West Virginia will continue to focus on those issues that will grow our industry. It is imperative for us to continue to support HUB/PAC, our political action committee. Our PAC is our collective voice to political leaders. Not only do our leaders need to understand our unemployment problem, they also need to focus on our deteriorating infrastructure.

With tomorrow's workforce in mind, the association must increase our outreach to students to elevate the construction industry as a career choice. In 2011, the CAWV Scholarship Founda-

tion voted to increase its efforts to attract a sustainable workforce to our industry. The amount of the annual top award was increased to \$5,000 and investments in vocational and technical schools were continued. Additionally, we are working to attract the most qualified applicants for the annual award. As we visit college campuses seeking the best and brightest while promoting our industry, we extol the variety of challenging careers available within the construction industry and the intrinsic reward of being part of building something, be it a bridge, school or waterline.

As we prepare for the future, our industry no longer has to plan for compliance with the onerous 3 percent withholding mandate which was to become effective in 2013. By the end of 2011, it was clear that during a year of a struggling economy, the power of the association was more important than ever. The influence of CAWV members on our West Virginia congressional delegation was obvious. The same can be said for members of AGC chapters nationwide. The bill to repeal the mandate, which would have required 3 percent be withheld from all government contracts as a means to prevent tax evasion, was supported by all of the state's Representatives and Senators and signed by the President in late November. Repeal has been a top priority at the CAWV Congressional Fly-In to Washington for many years.

It was the focus of members, AGC chapters and AGC national staff applying constant pressure over the last few years that lead to the final, overwhelming votes for repeal. The legislative victory shows what's possible when our industry and members work together to address an issue. I am proud of the work of AGC of America and the CAWV and its staff on behalf of our members.

The CAWV has always planned for the future, a strategy which is paying dividends to our members and the state's entire construction industry today. Solid public investment programs have become reliable parts of many members' bidding profiles over the years. Our work is never done and our industry is not out of the woods yet. Work continues through the association's committees to streamline bidding procedures, increase projects out for bid, promote understanding and co-operation between owners and contractors and keep an ever watchful eye on legislation at the state and federal level. For these reasons the membership in the CAWV remains strong.

Despite having different specialties within the industry, all of the CAWV's efforts share the same ultimate goal: Building a better West Virginia, now and in the future.

Sincerely,

Gene E. Thompson
President

CAWV LEGISLATIVE COMMITTEE ADVANCES MEMBERS PUBLIC POLICY INTERESTS

CAWV continues its policy to play a lead role on behalf of the construction industry in state government affairs. Public officials and lawmakers regularly seek CAWV's support or consult its members and staff for their expertise and resources on construction, transportation and infrastructure issues. In the 2011 legislative session, CAWV had several significant victories and opposed many bills that would have been detrimental for contractors.

The association actively participated in a coalition that successfully supported additional bond authorizations for construction of \$225 million worth of wastewater treatment facilities in the state's Eastern Panhandle. The improvements are needed to meet new, stringent pollution limits imposed by the U.S. EPA for the Chesapeake Bay Restoration program. During a special legislative session, a bill was passed that gives coal producing counties a greater share of coal severance tax revenues and dedicates the dollars to economic development projects and infrastructure improvements.

To advocate for infrastructure investment, the CAWV met with leadership in the House and Senate to successfully advance a bill to increase WV Division of Motor Vehicles fees, which would have generated \$42 million in additional highway revenues. Unfortunately, the bill was vetoed due to a proviso that was inserted in the bill late in the legislative process. During an August special session, Governor Tomblin introduced, and legislators approved, a \$15 million transfer from the general fund to boost the secondary road paving program.

CAWV successfully opposed several anti-business measures including bills which would have required separate prime bids on contracts over \$500,000; a mandatory penalty for failure to complete a public works project by the stated completion date; requiring every worker on public works projects over \$1,000 to complete the OSHA 10-hour safety program prior to starting work; and allowing the state Purchasing Division to use reverse auctions for commodities such as aggregate, equipment and asphalt.

FEDERAL HIGHWAY FUNDING DEBATE BEGINS IN WEST VIRGINIA

U.S. House Transportation and Infrastructure Committee Chairman Rep. John Mica, along with Ranking Member Rep. Nick Rahall and committee member Rep. Shelley Moore Capito, kicked off a series of hearings and listening sessions in West Virginia in February. The meetings set the stage for the committee to draft a new highway bill. CAWV officers and staff joined other transportation system stakeholders to discuss the dire need for a long-term funding bill and increased investment. The Senate has released details on a two-year reauthorization, and the House has announced it is working on a five-year bill which includes provisions for increased energy exploration.

ENVIRONMENTAL VICTORY PROTECTS CONTRACTORS' BOTTOM LINE

To address the challenging regulatory environment, the CAWV submitted comments to the U.S. EPA that have led to new stormwater discharge limits being put on hold indefinitely while it considers new data. For more than a decade, U.S. EPA has been trying to limit the amount of dirt in stormwater running across active construction sites. The CAWV joined AGC in arguing that a "one-size-fits-all" limit exceeds Clean Water Act requirements, would be impossible to meet, and would increase litigation against construction projects. The CAWV told the U.S. EPA that the rule would require costly monitoring and reporting, increasing contractors costs, project costs, endangering businesses and stunting employment growth.

CAWV COMMITTEE WORK ENHANCES, IMPROVES CONSTRUCTION INDUSTRY

CAWV committees are the lifeblood of the association. Members work with state and federal officials to streamline bidding processes and strengthen procedures to ultimately increase competition and improve the health of the industry. It is this work, throughout the years, that has provided West Virginia's construction industry some insulation from the economic downturn.

The association's Joint Architects Committee has worked closely throughout the year with the School Building Authority and National Guard. Efforts with the National Guard led to streamlined bidding procedures for their construction program. The School Building Authority is revising their square-foot allowances and is currently working on an employment status verification procedure.

The Joint Utility Committee continued working throughout 2011 to ensure projects with funding go to bid promptly. Working with various public owners including the Water Development Authority and WV Infrastructure Council, the committee has expedited projects and streamlined bidding processes. The committee has also worked with the Tax Department to revise and simplify procedures for claiming the Consumer Sales Tax exemption for public projects.

Highway Division members have seen a reorganization of the Joint Cooperative Committee. After meetings with the WV Division of Highways and the Federal Highway Administration, the committee was refocused into subcommittees, making the best use of both members' expertise and their time. Issues are now being studied more thoroughly, reported to an executive committee and acted upon promptly.

The CAWV Safety Committee has reformulated the annual Safety Awards, increasing the reward options and inspiring additional members to apply for the prestigious honor. Members are now being given rewards they can share with their teams, allowing the CAWV to recognize the company and the employees who keep safety paramount every day.

MEMBERS HELP SPREAD SAFETY MESSAGE

CAWV members continued working to promote work zone safety issues. In April, the association joined with WVDOH and FHWA to promote safety for the public traveling through and around construction zones. The theme of the 2011 National Work Zone Awareness week, held in April, was "Safer driving. Safer work zones. For everyone." CAWV members attended the event and provided interviews with local news outlets, garnering statewide attention for work zone safety.

ASSOCIATION BENEFIT PROGRAMS SAVE MEMBERS MONEY

CAWV members rely on the association for a full range of customized services and resources to increase their competitive edge. Programs have been designed to best serve the group and are available to all members.

- **BrickStreet Safety Program** - Contractor members with a three year loss ratio of 65 percent or less may be eligible to receive a discount on their workers' compensation premiums
- **Enterprise Fleet Management** - Discount pricing on fleet vehicles and comprehensive fleet management programs
- **Petroleum Products** - Wholesale pricing on fuels, and access to fleet fuel tools and controls
- **Staples Advantage** - Reduced pricing, online ordering and overnight delivery
- **Verizon Wireless** - Contractor members can receive 22 percent off monthly fees, discounts on equipment and accessories

Full details on all the money saving programs are available on the CAWV website at www.cawv.org. In addition, further savings are available through AGC of America. Information about AGC's programs is available through its website at www.agc.org/member_discounts. The programs include discounts on new cars, trucks and vans from General Motors and Ford, discounts on FedEx shipping as well as money saving programs from Dell, HP Direct, Red Roof Inns, Computer Guidance Corporation, William Scottsman, BP, Hertz, Avis and many more.

YOUNG CONTRACTORS FOCUS ON LEARNING, NETWORKING AND GIVING BACK

This has been a busy year for the association's young contractors. The group began with a Day at the Legislature, where members met with their senators and delegates and witnessed a floor session. For the third year in a row, the CAWV Young Contractors participated in Canstruction, a competition where groups build huge structures out of canned food. Their entry, a bulldozer, provided nearly 2,000 pounds of food for Covenant House's food pantry. Also this year, the group toured Greer Industries underground limestone quarry. The young contractors were taken nearly one mile underground to witness the quarrying process.

TELECONFERENCING CAPABILITY BRINGS OPPORTUNITIES TO MEMBERS

The CAWV installed state-of-the-art teleconferencing equipment in 2010 and has been making use of the technology throughout 2011. Seminars have joined members with national experts to explore topics such as safety, construction law and environmental regulations. Members have also participated in committee meetings from remote locations and linked with our national associations for updates on legislative issues.

WV CRUSHED AGGREGATES COUNCIL ELECTS CHAIRMAN

Doug Canterbury, Boxley, Lewisburg, was elected chairman of the West Virginia Crushed Aggregates Council. He succeeds Ed Treadway, Pounding Mill Quarry Corp., who served as chairman since the organization's inception in 1999. The WV Crushed Aggregates Council protects the interests of the state's quarries. The Council, which meets periodically throughout the year, voted to support West Virginians for Better Transportation with a \$5,000 donation.

WVBT GEARING UP TO PROMOTE TRANSPORTATION INVESTMENT

Members worked with West Virginians for Better Transportation on forums and educational outreach throughout the year, culminating in a well attended and highly publicized Transportation Conference held in November. The group released their strategic plan at the conference, which includes several strategies designed to educate elected leaders and the public on the need for additional funding for the state's transportation system. Efforts will culminate with the 2012 election cycle. The group intends to make transportation funding a major campaign issue and focus of the 2013 Legislative session.

32nd ANNUAL EXPO IN THE BOOKS

The 2011 West Virginia Construction and Design Exposition, held March 23 and 24 at the Charleston Civic Center, featured 278 exhibitors with 423 indoor booths, plus outdoor exhibits; 83 honor exhibitors; a 72-page program and professional directory supported by 85 advertisers; 62 seminars and meetings and nine After Hours sponsors. The yearly event brought more than 5,000 individuals to the show from 30 states. The 2012 show will be held March 21 and 22.

NATIONAL ASSOCIATIONS PROTECT MEMBERS IN WASHINGTON

The American Road and Transportation Builders Association (ARTBA) has worked throughout the year to promote the need for increased infrastructure investment. The federal highway funding bill, Federal Aviation Administration reauthorization, stormwater regulations, Abandoned Mine Land reclamation funding and repeal of the 3

percent withholding mandate have been on their legislative agenda this year. ARTBA has remained in contact with Senators and Representatives, diligently watching and commenting on efforts to fund the nation's highway system.

Joining ARTBA, AGC has kept members' interests from being overlooked in Washington. Together, the construction industry stakeholders have fought for funding, appropriate regulations and prevented harmful legislation from impacting the industry. The groups were successful in getting a mandate repealed that would have required 3 percent be withheld from all payments to contractors at the local, state and federal levels. Repeal has been a top priority at the annual CAWV Congressional Fly-In to Washington for many years.

In an AGC survey, 100 percent of CAWV members responding indicated that the tax would have a negative impact on their business, with 39 percent saying the withholding mandate would cause them to hire fewer workers, 78 percent saying they would have to cut back on equipment purchases and 28 percent stating they would have difficulty continuing to operate.

CAWV'S NETWORKING OPPORTUNITIES OFFER PRIME TIME FOR BUSINESS GROWTH

One of the premier services of the Contractors Association is its ability to bring members of the construction industry together to improve the climate for doing business in the state. Members of all CAWV divisions get together throughout the year for networking opportunities with their peers.

The Annual Meeting, held at The Greenbrier, was well attended this year. As were the Midyear Meeting, Spring Meeting and State Meeting, which attracted association members looking to spend time with their peers. Business sessions are coupled with social events, providing an unparalleled opportunity for professional growth. The association also offers family-friendly events designed for fun such as the Summer outing to Kings Island and the Car Show. Events are announced through the Newsletter and are available on the events section of the website at www.cawv.org.

BRICKSTREET PROGRAM OFFERS SIGNIFICANT SAVINGS AND SAFETY TRAINING TO CAWV MEMBERS

The CAWV and BrickStreet Insurance partnership is providing significant savings on members' workers' compensation insurance costs. The program provides a discount on workers' compensation premiums to contractor members with a

three-year loss ratio of 65% or less. Since being implemented, over 90 members have saved nearly \$1.3 million off their premium payments. The program also educates members on jobsite safety and, throughout the year, members attended safety programs addressing trenching and excavation, handling an OSHA inspection, general construction safety and a free OSHA 10-hour for construction.

CONSTRUCTION INDUSTRY JOB GROWTH IN WV RECEIVES NATIONAL ATTENTION

The Charleston Metro Statistical Area (MSA) experienced the fifth highest job growth in the nation, a 15 percent increase between July 2010 and July 2011 (2,300 jobs). The area's growth, which includes Lincoln, Boone, Clay, Putnam and Kanawha counties, was fueled by strength in all three of the construction industry's sectors. School buildings, bridges, water and sewer lines have all contributed to the increase. The Charleston MSA job growth was the highlight of a news conference held by AGC of America in July to release nationwide construction industry job data. CAWV President Gene Thompson released the results along with School Building Authority Executive Director Mark Manchin and Charleston Mayor Danny Jones.

WVDOH ADDS NEW ASPHALT FIELD TECHNICIAN CERTIFICATION

The Asphalt Pavement Association of West Virginia has been working with the West Virginia Division of Highways over the last few years to create and launch a new technician certification program for asphalt paving. The new certification, Asphalt Field Technician, will ultimately be required for one or more persons on a paving crew. The WVDOH has not yet identified a date when the new certification will be required, but it is referenced in the current spec book and material procedures. The new class is now a part of the annual CAWV / WVDOH technician and inspector courses.

APA ENDOWS SCHOLARSHIP IN MEMORY OF DEAN BLAKE

The Asphalt Pavement Association, with support from the WV Crushed Aggregates Council, has formed the Dean Blake Memorial Scholarship. In 1979, Blake founded the Flexible Pavements Council of West Virginia, now known as the Asphalt Pavement Association. He passed away in 2011. The \$50,000 endowment will support student education at West Virginia University's College of Engineering and Mineral Resources.

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