



Contractors Association of West Virginia **LEGISLATIVE BULLETIN**



In This Issue

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*CAWV Members
Asked to Join
Legislative Network*

Today is day thirteen of the 2019 legislative session. Many of the new legislators are adjusting to their committee assignments and learning the process. The CAWV is reaching out to meet the new members of the House and Senate.

*SBA Makes Budget
Presentation;
Lawmakers Express
Interest in More
School Construction
Funding*

There are seven new senators and 37 new House members (seven are previous House of Delegates members). The CAWV Legislative Committee is sending to members today a separate "Legislative Alert" asking members to advise the CAWV which legislators they are willing to contact when an issue affects the contracting industry. Many times it is more effective when members reach out to their legislator when he or she is at home on the weekend. Members will be provided with background and talking points on the issues before contacting their legislators.

*Highway
Maintenance Focus
of Legislators*

Please respond to the CAWV Legislative Alert when received later today.

*List of Bills
Introduced This
Week*

WORKFORCE DEVELOPMENT AT FOREFRONT

A major topic for the Legislature this session involves workforce development. Senate President Mitch Carmichael, R-Jackson, is championing his "last dollar in" bill to help students access community and technical college education. S.B. 1 is poised to pass the full Senate and would fill in the financial gap for students whose scholarships and grants do not cover the full cost of tuition at community and technical colleges.

A key feature of the bill is to relieve students of the cost of tuition at colleges where they could earn associate degrees and job training, but it also calls for the creation of advanced career education (ACE) programs through partnerships between public secondary schools and community and technical colleges. One purpose of the bill is to establish "clear and efficient pathways that begin in high school and lead to obtaining advanced certifications and associate degrees." The idea is to increase the number of students who ultimately obtain post-secondary credentials or degrees.

Sarah Tucker, chancellor of the community and technical college system, conceded that at least two four-year institutions offer associate degree programs, particularly in nursing. But she said having the grant program

established by the bill would support student choices with financial incentives.

The CAWV Board of Directors has made workforce development a top priority of the association this year. The CAWV Workforce Development Task Force has met once to outline its goals and objectives, one of which is to create a future qualified workforce for West Virginia's construction industry.

SBA MAKES BUDGET PRESENTATION TO LAWMAKERS.

The School Building Authority told the House Finance Committee and the Senate Education Committee in its budget presentation they want to do more with the money they have because there are many school construction and renovation projects the School Building Authority has not been able to fund.

David Roach, executive director of the SBA, said the agency, in conjunction with local partners, has been able to fund \$1.2 billion of the \$3.6 billion in needs that were identified in 2010, but that leaves \$2.4 billion of unaddressed needs. Sue Chapman, the SBA's chief financial officer, said 44 percent of the requests for school construction or improvement received since 2015 have not been funded. She said the agency received requests for \$608,062,096, funded \$389,180,635 worth of projects and did not fund other projects worth \$268,881,461. Because of that, she said, the SBA has made several changes.

Currently, the SBA is working with \$24 million that came available because of a change the legislature made in state law. Chapman said it is to be used in addition to other funding for construction projects in 2020, and the agency sees it as an opportunity to maximize school construction funding.

"We're meeting directly with the state Department of Education, as well as the local boards of education," she said. "I have ongoing communication with their treasurers, as well as copying their superintendents on those communications." Chapman added, "We're not going to get more money, but we need to do more with what we have."

Consequently, she said, she has introduced the concepts of funded depreciation, which a few school districts are doing already, and funded sustainability. Underfunded depreciation, whenever a school district gets a grant to buy equipment, it is to begin to fund the replacement of that equipment, she said.

Although Chapman did not fully explain funded sustainability, she said it is different and requires more creative thinking about how to do more with the money available.

The School Building Authority also has looked at its investment policy to see if it could do get more out of the money it invests. Chapman said the agency has

worked with Roger Hunter, chairman of the Investment Management Board, and the Public Resource Advisory Group, which is under contract with the Department of Administration. She said she also has worked with the SBA's investment advisor, Dave Kirby, senior vice president of BB&T Scott & Stringfellow, and SBA members.

"The policy changes that were made are to allow us more flexibility in taking our funds out there, trying to find the highest yield, also though maintaining the safety and integrity and the liquidity of those funds," Chapman said. "But categorically, we're not using all of that money this year."

The SBA intends to work further with members of its board and the Investment Management Board on this issue, she said.

"It's something new," Chapman said. "It's different. We have heard that others are doing this, so we feel like we're in the beginning of doing something different of trying to maximize the funds that we do have invested to see where we can go and how much more we can come up in funding for construction and renovation."

DELEGATE WANTS SBA TO SEEK MORE MONEY

The School Building Authority is budgeted for \$1.085 million to cover its 10 fulltime-equivalent employees. The agency is asking for that line-item to be increased by \$49,370. It also is asking for an increase of \$579,480 for debt service for bonds that mature at the end of the current fiscal year. Chapman said those are the only changes the agency is seeking in its budget.

Delegate Joe Ellington, R-Mercer, wondered why the SBA isn't asking for more for school construction. "If we have a \$200 million surplus this year, how come we haven't been requesting more funds to get these projects done?" he asked. Roach responded, "If you would like to give more money to the SBA, we would be glad to accept." In December, the SBA had \$137 million in funding requests, he said, and it funded \$72.5 million worth of them. "If we had more money, we would give more money," Roach said.

House Finance Chairman Eric Householder, R-Berkeley, reminded Ellington that the legislature has the prerogative to put more money in the budget for the SBA. To that, Roach said, "I support the governor's budget, but I always welcome more money if you would give it."

Delegate Mick Bates, D-Raleigh, wondered whether construction costs have decreased in the couple of years since the legislature eliminated the prevailing wage law. He noted that, during debate over that legislation, it was said the state would be able to build three schools for the price of two. Thus, he wanted to know if the SBA has seen any significant decrease in the overall cost of

construction.

Ben Ashley, director of architectural services for the SBA, said that is hard to answer. He said the SBA hasn't raised the funding allowance for schools since 2013, so the agency hasn't seen a need to fund projects at a higher level. Costs have "pretty well leveled off," he said.

These days, Ashley said, the SBA is funding many more renovation projects than new school construction. In December, the agency awarded funding for projects in 19 different counties out of 27 that requested funds, he said. Bates said he intends to request a study of whether wages have changed on construction projects. (*Thanks to the WV School Board Association's "The Legislature" for help with this article.*)

HEARINGS HELD ON HIGHWAY MAINTENANCE PROGRAM

Representatives of North Central West Virginia counties showed up at the state Capitol last week with a message about the condition of local roads. "The members of the North Central road caucus are saying enough is enough; we're having serious problems with the roads," said Monongalia County Commissioner Tom Bloom. "We need additional funding."

Officials spoke during a public forum in the House of Delegates chamber. They described lack of attention to bumpy roads, making travel treacherous for commuters and school buses, discouraging tourism and economic development. "Economically, we're in a crisis situation here," Bloom said.

Gov. Jim Justice received a standing ovation during his State of the State address as he recognized the problem. The governor praised progress from the road bond that passed last year but said more resources need to go toward secondary roads. "We've done — I don't know how many, but it's hundreds of projects already. Here's the very thing, though, that we need to do: We've got to shift a little bit of the focus — and we have had extensive discussions with the bond holders and everything else, that we can do this," he said.

"We've got to pull some of the money out of the bigger projects and move some of the money — or significantly more money. Not more than all the big projects, but a little bit of additional moneys over to fix more of our secondary roads."

On Tuesday, regional officials who interpreted the governor's remarks as a proposal to dedicate some road bond money to secondary road work warned against doing so.

"We are totally opposed to using this for maintenance," said Eldon Callen of the Monongalia County Chamber of Commerce. "We promised the people it won't be

used for ongoing maintenance. Ongoing maintenance is something your annual budget is supposed to pay for.” Bloom made the same point. “Those are new roads. We want to make it very clear: We are adamantly opposed to the governor taking money from the road bond issue.”

Trying to strike a balance will be a challenge for the finance committees in both houses, said Delegate Linda Longstreth, D-Marion, who serves on House Finance. “We’re not getting enough money filtered back to the secondary roads to fix them,” Longstreth said in an interview after the public forum. “What we’ll try to do in finance is to reallocate and try to figure out where that money is going and put it back into where it belongs on the secondary roads. We’ve got roads that are caving in, and they’re just blocking off that side of the road.”

House Majority Leader Amy Summers, who led the public forum, said the message was clear to her. “What they did say is they want more money towards their roads,” Summers, R-Taylor, said in an interview following the forum. “They made it really clear that infrastructure and public safety are one of our government’s priorities and that our budget needs to reflect that.”

Bloom said he has confidence in lawmakers like Summers to propose workable solutions. “What Amy Summers and the others are looking at,” Bloom said, “is where the money should come from.”

Two bills were introduced last week addressing this issue. H.B. 2011 creates the Road Maintenance Program for each highway district to contract with private contractors to perform certain road maintenance activities in each district. H.B. 2012 directs the State Auditor to develop and maintain a website for the public to search (without cost) ongoing expenditures and locations for state and public road work.

PURCHASE LOCAL BILL FOR WVDOH MATERIAL, EQUIPMENT

H.B. 2353 has been introduced and referred to the House Government Organization, then Judiciary Committee. The stated purpose is to give the WV Division of Highways the authority to “purchase hardware items and equipment necessary for the betterment of the state-wide road system from a local seller rather than the holder of a state contract if the cost of the item or equipment is less than the cost from the holder of the state contract.”

The CAWV assumes the purpose of the bill is to allow DOH personnel to go to Lowe’s or the local equipment dealer when they want to purchase material or equipment. A version of this bill has been introduced before. Legislators have commented the agency should be able to get a lower price if it can be purchased locally. There has been no discussion to my knowledge about what the agency would do when maintenance or repair work is required on a piece of equipment.

A legislative alert was sent to CAWV material and equipment suppliers Thursday seeking their comments and recommendations.

GOVERNOR APPOINTS PAUL HARDESTY TO STATE SENATE

Governor Jim Justice announced that he has appointed Paul Hardesty to the 7th Senatorial District seat vacated by the resignation of Richard Ojeda. The district covers all of Boone, Lincoln, Logan, and parts of Mingo and Wayne. Hardesty is the Managing Member of Capitol Concepts, a government relations firm. He has long served as a lobbyist for the CAWV. He resigned his position as President of the Logan County Board of Education, where he served for the past 25 years. He also served on the Southern West Virginia Community and Technical College Board of Governors and was the Director of the Office of Coalfield Development in the West Virginia Development Office. CAWV wishes Paul well in his new position.

Below is a list of bills that have been introduced this week that have an impact on the construction industry or some CAWV members. Anyone needing further information can contact Mike Clowser at (304) 342-1166 or email at mclowser@cawv.org.

HOUSE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee
HB 2011	Del. Summers, Howell, Waxman, Queen, Hamrick, Jennings, Sypolt, Phillips, Cadle, Worrell and Kump	Road Maintenance Program (FN)	01/18/19 - To Technology and Infrastructure then Government Organization
HB 2012	Del. Summers, D. Jeffries, Sypolt, D. Kelly, Toney, Hardy, Mandt, Maynard, Linville, Phillips and Criss	Establishing country roads accountability and transparency (FN)	01/18/19 - To Technology and Infrastructure then Government Organization
HB 2416	Del. Mr. Hanshaw Mr. Speaker and Miley [By Request of the Executive]	Relating to the use of state owned rights-of-way	01/15/19 - To the Judiciary
HB 2430	Del. Kump, Householder and McGeehan	Prohibiting forcing currently owner-occupied residences to be required to participate in a public sewer or public water system (FN)	01/15/19 - To Technology and Infrastructure then Government Organization
HB 2441	Del. Foster, Higginbotham, Steele, Kessinger, Howell, Fast and Cadle	Removing certain requirements related to wages for construction of public improvements (FN)	01/15/19 - To Industry and Labor then the Judiciary

HB 2468	Del. Cooper, Hartman and R. Thompson	Department of Agriculture Capital Improvements Fund (FN)	<i>01/16/19 - To Agriculture and Natural Resources then Finance</i>
HB 2475	Del. Westfall, Queen, D. Jeffries, Hott, Graves, Nelson, Malcolm, Atkinson, Cooper, Higginbotham and Sypolt	Department of Agriculture Capital Improvements Fund	<i>01/17/19 - To House Agriculture and Natural Resources</i>
HB 2487	Del. Williams	Pothole app and map	<i>01/17/19 - To House Technology and Infrastructure</i>
HB 2490	Del. Howell, Pack, Hott, Rowan, Hamrick, Dean, Graves, Ellington, Staggers, Steele and Higginbotham	Preventing proposing or enforcing rules that prevent recreational water facilities from making necessary upgrades	<i>01/17/19 - To House Health and Human Resources</i>
HB 2491	Del. Fleischauer, Pyles, Walker, Hansen, Pethtel, Williams, Caputo, Sypolt, Jennings, Angelucci and Miley	Providing certain employees of the Highways increases in annual pay	<i>01/17/19 - To House Finance</i>
HB 2534	Del. Canestraro, Zukoff, Williams, Caputo, Diserio, Sponaule, Evans, Campbell, Swartzmiller, Miller and Robinson	Requiring available materials, supplies, equipment and other items purchased by the state and its agencies to be made in the United States (FN)	<i>01/21/19 - To Industry and Labor then the Judiciary</i>
HB 2535	Del. Fast, Harshbarger and Hollen	Relating to purchasing exemptions and procedures	<i>01/21/19 - To Veterans' Affairs and Homeland Security then Government Organization</i>
HB 2539	Del. Kessinger and Foster	Allowing private entities to lease buildings to local school boards in cases of emergency or condemnation	<i>01/21/19 - To Education</i>
HB 2565	Del. Canestraro, Fleischauer, Zukoff, Pethtel, Fluharty, Diserio and Williams	Collecting a user fee from oil and gas producers who use secondary roads in the state (FN)	<i>01/21/19 - To Industry and Labor then Finance</i>
HB 2573	Del. Doyle, S. Brown, Evans, Pushkin and Hornbuckle	Relating to payment for the construction of any expanded or upgraded public service district facilities in certain circumstances	<i>01/21/19 - To Industry and Labor then the Judiciary</i>

SENATE BILLS

Bill #	Sponsors	Proposal	Introduced/Committee
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SB 258	Sen. Trump	Establishing common law "veil piercing" claims not be used to impose personal liability	<i>01/18/19 – To Judiciary</i>
SB 303	Sen. Hamilton, Boso, Facemire, Ihlenfeld, Jeffries, Maynard, Smith and Sypolt	Exempting social security benefits from personal income tax	<i>01/15/19 - To Finance</i>
SB 304	Sen. Hamilton, Facemire, Ihlenfeld, Jeffries, Maynard, Smith and Sypolt	Establishing Southern WV Lake Development Study Commission	<i>01/15/19 – To Economic Development then Government Organization</i>
SB 313	Sen. Carmichael (Mr. President) and Prezioso [By Request of the Executive]	Establishing Advanced Career Education programs and pathways (FN)	<i>01/15/19 – To Education then Finance</i>
SB 336	Sen. Maynard	Creating WV Motorsports Entertainment Complex Investment Act (FN)	<i>01/16/19 – To Finance</i>
SB 372	Sen. Plymale	Authorizing municipalities establish low-cost alternative energy revolving loan program	<i>01/21/19 – To Government Organization</i>
SB 375	Sen. Maynard	Authorizing Curator of Arts, Culture and History to designate road as historic route	<i>01/21/19 – To Transportation and Infrastructure</i>
SB 378	Sen. Maynard, Cline, Roberts and Woelfel	Relating to special obligation notes to finance construction completing I-73 and I-74	<i>01/21/19 – To Transportation and Infrastructure then Finance</i>
SB 380	Sen. Maynard	Empowering municipalities to enact Adopt-A-Street programs (FN)	<i>01/21/19 -To Government Organization</i>
SB 385	Sen. Blair	Establishing and funding Department of Agriculture Capital Improvements Fund	<i>01/21/19 – To Finance</i>
SCR 11	Sen. Clements	Urging Congress pass fully funded long-term surface transportation and infrastructure measures	<i>01/18/19 - To House Ordered to</i>