



October 11, 2017

VOTERS APPROVE BOND AMENDMENT IN A LANDSLIDE

Voters approved a constitutional referendum Saturday, October 7, that will allow West Virginia to issue up to \$1.6 billion in bonds for highway and bridge construction in the state. The vote on the Roads to Prosperity Amendment of 2017 passed, earning nearly 73 percent of the vote with every precinct reporting late Saturday night, according to unofficial results from the West Virginia Secretary of State's Office.

At a news conference after word of the victory circulated, an elated Gov. Jim Justice said the electorate has given its take on the state's future, loud and clear. "The voters spoke, did they not? They spoke," he said before the crowd of labor and industry representatives who supported the effort interrupted him with applause. "They spoke and I am so happy for our state in every single way." Of the 1.2 million West Virginians registered to vote, more than 119,000 cast their ballots Saturday.

The West Virginia Business & Industry Council is celebrating the strong victory of the Roads to Prosperity amendment during Saturday's special election.

"We are so excited for West Virginia's future and so grateful to those who took time to vote in this special election," said BIC Chairman Chris Hamilton. "It's been an honor for us to join with our friends in business, labor and education to spread the word about what this road bond plan will do for our great state. I hope this election result shows West Virginians what can happen when we leave politics aside and come together as a unified force to move our state forward."

Hamilton praised Gov. Jim Justice and West Virginia Secretary of Transportation Tom Smith for their leadership on the road bond campaign. Hamilton also said BIC wants to give a special thank you to those individuals who provided public support for the road bond campaign, particularly West Virginia University President Gordon Gee, WVU Basketball Coach Bob Huggins, Marshall University Basketball Coach Dan D'Antoni, former state senator and former Wheeling Mayor Andy McKenzie and members of Wheeling Professional Fire Fighters Local 12.

"The broad-based support for this amendment shows us all that our families want and deserve safe roads and bridges. We at BIC and our friends at West Virginians for Better Transportation, the West Virginia Chamber of Commerce, the Contractors Association of

West Virginia, the West Virginia Education Association and countless others have dedicated the last several weeks to putting West Virginia first,” Hamilton said. “Now that we have this road bond amendment passed, I hope all of us in West Virginia can move forward with renewed unity and excitement about our future.”

CAWV THANKS MEMBERS AND INDUSTRY SUPPORTERS

A great coalition was put together under the banner of West Virginians for Better Transportation to educate voters on the Roads to Prosperity amendment.

A strong coalition of statewide industry organizations, American Council of Engineering Companies, organized labor, school teachers, statewide elected officials, higher education leaders, state and local chambers of commerce, newspaper editorial boards, state legislators of both parties and local officials who all banded together for the common goal of improving West Virginia's roads and highways.

CAWV members and numerous others contributed to WVBT that allowed for a very effective campaign to promote the amendment, which included TV, radio, and newspaper, plus a heavy concentration on social media. First Lady Cathy Justice appeared in television ads, as did Coach Bob Huggins and Coach Dan D’Antoni. Basketball legend Jerry West recorded a call that went to 150,000 voters urging passage of the amendment. (A full report will be sent to members next week.)

Passage would not have been possible without the tireless efforts of Governor Jim Justice, West Virginia Department of Transportation Secretary Tom Smith, and West Virginia Department of Commerce Secretary Woody Thrasher. All three spent countless hours traveling to communities across the state to build up support for the Roads to Prosperity Amendment. Their efforts were instrumental in the amendment’s success.

A CAWV member sent the following after passage of Saturday’s bond referendum:

“The road bond passage margin is beyond my imagination. For all that [CAWV] did for this initiative, thank you. This will have a significant effect on my business for the most of the remainder of my career through direct sales of our products and services. Moreover, the plan, if well executed, should positively impact the state for the rest of my life.”

GOVERNOR JIM JUSTICE COMMENTS ON ELECTION

"This is a GREAT NIGHT FOR WEST VIRGINIA!!!

"I am grateful to the people of West Virginia for sharing my vision to jump start our

economic engine. While this will start the process of fixing our state road system, the most important mission I have is to help find and create jobs for the working men and women of our state.

"As I traveled from panhandle to panhandle, through the coal fields, along our rivers, and from all over the beautiful valleys of our majestic state, the CITIZENS of West Virginia were clear that new jobs, safety for their families and good roads in their home counties were critical to improving their lives and giving them a chance to share the AMERICAN DREAM.

"We will start the process Monday to put in motion the Bonding process, the bidding process and the plan to make better roads and bridges a reality in West Virginia. One important part of the bidding process will be to take every step possible so that our contractors hire West Virginians FIRST. We are also going to work with all of our educational institutions to start training programs for this workforce.

"I am also going to appoint an oversight committee to make certain we eliminate waste and any other shenanigans during the contracting, bidding and construction process."

"Again, my heartfelt thank you goes out to the voters who passed this referendum. It's an historical day because now we have the vehicle in place to truly move our state forward."

WV TRANSPORTATION SECRETARY TOM SMITH COMMENTS

"We appreciate the confidence the citizens of West Virginia have shown in us by passing Governor Justice's Roads to Prosperity Bond Amendment. By doing so, it allows the West Virginia Department of Transportation to move forward in playing a major role in West Virginia's economic recovery. With the new revenues passed by the legislature this most recent session, we can make meaningful improvements to the state's transportation infrastructure. We recognize our responsibility and are committed to putting out this momentous program in an open, honest and transparent manner."

WHAT A DIFFERENCE A YEAR MAKES!

In October 2016, the Contractors Association of West Virginia was assessing our situation. After four years of promoting the need for additional highway dollars, efforts to increase funding for the West Virginia Division of Highways were at a standstill. Tolls were set to come off the West Virginia Turnpike in 2019, and the 88-mile four-lane highway would be transferred to the WVDOH. Not only would \$80 million a year in revenues be eliminated – 76% percent of which were paid by out-of-state drivers – the WVDOH would have to divert about \$50 million a year out of the paving and bridge program to pay for upkeep of the WV Turnpike. The price of gasoline continued to drop which resulted in wholesale gas tax revenues dropping nearly \$50 million in a three year period. Any new construction projects the WVDOH wanted to undertake were at the

expense of the department's preservation program since no new money was available. On top of this, almost all communication between the WVDOH and industry had come to a halt. Joint committees of the highways department and CAWV, after almost 50 years of continued service, were not meeting, and any discussion between contractors, engineers and the CAWV with WVDOH officials had to be vetted and approved prior to any discussions. In other words, 2016 was probably one of the lowest points in West Virginia's storied highway construction history.

In October 2017, it's a new day for highways in West Virginia. In his State of the State address, Governor Jim Justice outlined a bold vision for the future of West Virginia's highway construction program. After a 60-day regular session and two special sessions of the West Virginia Legislature, legislators passed the governor's highway funding package. This includes increasing DMV fees, adjusting the formula for indexing the wholesale gas tax, increasing sales tax on the purchase of vehicles and adding a fee for alternate fuel vehicles. All told, this raises about \$140 million in new revenues annually. The WV Turnpike will continue and tolls will be increased to leverage about \$500 million in bonds for highway projects in the ten counties surrounding the turnpike. Voters approved the \$1.6 billion bond amendment October 7 which will allow new projects to be funded and built without having to rob the department's preservation program. A portion of the new \$140 million highway revenue bill will be used to pay debt service on the bonds. And, through the leadership of Transportation Secretary Tom Smith, who believes in the power of cooperation and teamwork, the CAWV and WVDOH joint committees are being reestablished.

The CAWV will be meeting with Secretary Smith and his team next week to outline how projects will be designed, advertised and awarded over the course of the next six months. CAWV members will meet and be updated on the WVDOH's plans. More importantly, CAWV members will have an opportunity to present their questions and comments on the best way to deliver these projects.

What a difference a year makes!

GOVERNOR TO CALL SPECIAL SESSION

Now that voters have approved the state road bond referendum, the next step looks to be a special legislative session. Not long after unofficial election results came in Saturday, Gov. Jim Justice said he will likely be calling a special session Monday.

"We want to fine tune that, but we probably are," he said. "But one thing that we absolutely need to address is the red tape and the bureaucracy that takes so ever long to be able to hire people and get people in position. There will be a couple of other things, and you'll find out about that in the days to come.

Regarding the special session, state Department of Transportation Secretary Tom Smith said he thinks it will include bills designed to streamline hiring within the department, but the governor has stayed tight-lipped on the nuts and bolts of the call. "I think the governor has several things in mind," he said. "He seemed like he was sort of keeping

the list a little bit to himself, but he has told us that we may be given some special hiring authorities. He may be asking for special hiring authorities for the West Virginia DOT. We're 500 people under our quota, even as we speak here, so we know we need to get started."

What will not be on the special session call is legislation to add a 5 percent service fee on each successful bidder on a WVDOH project. The governor proposed the idea during the regular legislative session to fund a statewide drug intervention program to help with the state's growing opioid problem. Each bidder would pay 5 percent of his bid that would fund treatment centers and programs. The governor had hoped to provide millions annually that would be paid by contractors bidding on highway work. In his press conference Monday, Gov. Justice noted there is not enough support among legislators to approve the plan.

In separate interviews, Senate President Mitch Carmichael, R-Jackson, and Speaker of the House of Delegates Tim Armstead, R-Kanawha, said they've had fleeting talks with the governor on the matter. President Carmichael said they talked about legislation that would speed up the hiring process at the Department of Transportation, and Speaker Armstead said there might be something of a legislative effort to make sure the jobs go to West Virginians over anyone else.

Another construction issue expected on the special session call is legislation to increase the tax credit for developers restoring historic structures. The current tax credit is 10 percent, well below credits in surrounding states. A bill to increase credit to 25 percent as a way to encourage redevelopment failed in the final days of this year's session. Gov. Justice also plans to introduce a bill to exempt income tax paid by veterans, another bill he proposed but did not pass.

WHERE DO WE GO FROM HERE?

How to get projects designed, bid and awarded is the task at hand. Hoppy Kercheval on Tuesday's WV MetroNews "Talkline" talked about how jobs will be created. A link to the broadcast is attached.

Look for future CAWV Newsletters to keep up-to-date on future highway letting and project information.

<http://wvmetronews.com/2017/10/10/road-bond-focus-moves-to-accountability-hiring-west-virginians/>