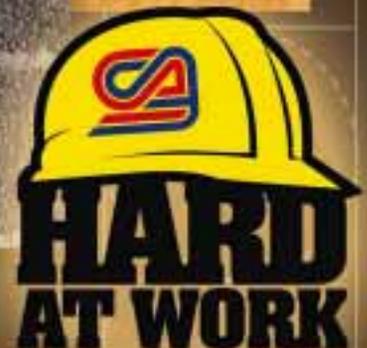
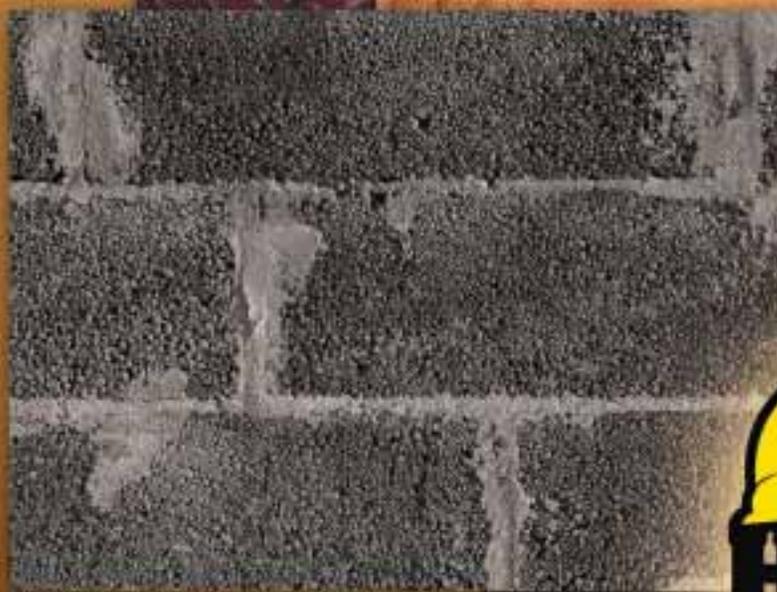




Contractors
Association
of West Virginia

2004

Annual Report



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This year has been a very interesting year in the construction industry and in the political arena as well. I am very optimistic that all aspects of the construction industry will see positive change

in the very near future, yet the challenges will continue in the complexity of this fast-paced world in which we now do business.

I'm optimistic that Governor-Elect Joe Manchin will be a strong and energetic leader that, working with our legislators, will produce positive results for our state and our industry. The election of Brent Benjamin to the Supreme Court will create a fair and balanced court that will enhance economic development in West Virginia.

With a major focus this year on membership, we have seen positive results. As of this writing, we have 10 new general contractors and 10 new associate members. The strength of the CAWV exists in our members and their involvement in our committee structure. I wish to reemphasize my challenge to each and every member to recruit and sign up just one new member by July 2005.

Reauthorization of the federal highway bill remains a priority of the CAWV and our national associations.

To promote the need for a safe and efficient state highway transportation system, we supported a study by The Road Information Program (TRIP) which showed that modernization of West Virginia's system of roads, highways and bridges is crucial to providing a safer, more efficient transportation system, while improving the economic livelihood of the state's residents.

Material price escalation and shortages in steel and concrete continue to impact our industry. This has affected project budgets, causing budget overruns and bids to come in higher than a project's allocated funds. Even worse, it has resulted in our members suffering a loss due to increases in material prices on fixed-price contracts.

Your association's Board of Directors immediately created task forces that studied the rapid increase in steel and fuel prices and discussed ways to minimize the impact to our affected members. While not all problems were resolved, a major advancement was an agreement with the state Purchasing Division for state agencies to complete bid evaluations

within seven days so that contractors will not have to hold their bids 90 to 120 days.

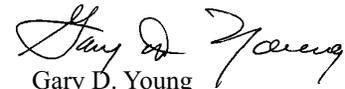
Many other CAWV committees and task forces were formed this year to address specific problems affecting our membership, including reforms to the Workers' Compensation program, consumer sales tax issues, weather delay specifications brought on by record-setting precipitation, problems associated with locating underground utility lines when excavating, proper bidding procedures for public construction projects and the new state weight laws for haulers.

These are just a few examples of how the CAWV tackles a number of important issues that affect each member's bottom line.

Again, I am optimistic that, with the involvement of members, the CAWV will continue to effectively address the needs of our members and move the construction industry forward.

I thank you for your continued support of the Contractors Association of West Virginia.

Sincerely,


Gary D. Young
President

CAWV AGGRESSIVELY PROMOTES INDUSTRY'S LEGISLATIVE ISSUES

The CAWV continues to effectively promote the industry's issues in the state and federal legislative arenas. During the 2004 session of the West Virginia Legislature, the CAWV aggressively promoted infrastructure investment, improved workforce safety, employer rights, the integrity of the highway trust fund, a balance between growth and the environment and the preservation of the fair, competitive bidding method of construction with passage of the "WV Fairness in Competitive Bidding Act."

NATIONAL ASSOCIATIONS REPRESENT MEMBERS WELL

CAWV members have at their disposal national associations that work diligently on their behalf. In the last 12 months, the Associated General Contractors (AGC) of America has made great progress on its top legislative goals, regulatory efforts, in the courts, and in building a better

business environment for our members. Highway reauthorization, permanent repeal of the Death Tax and infrastructure investment top AGC's agenda.

ARTBA, the American Road and Transportation Builders Association, remained on its core mission to aggressively preserve and expand the US transportation construction market to meet public and business demand for safe and efficient transportation. The "Transportation Makes America Work" campaign is promoting reauthorization of the federal highway bill.

NUCA, the National Utility Contractors Association, serves as chair to the Clean Water Council, a construction industry-based coalition that takes the lead role toward passage of water infrastructure legislation. NUCA celebrated its 40th anniversary this year.

TASK FORCES TACKLE ESCALATING STEEL COSTS

Significant price increases for structural steel affected all construction contractors, steel fabricators and material suppliers.

Task forces were formed in the Highway, Building and Utilities divisions which met with public agencies to discuss relief for contractors and suppliers from the unexpected and unforeseen price increases.

The WV Purchasing Division immediately implemented a policy for all state agencies to complete their bid evaluations within seven days so contractors don't have to wait 90 to 120 days for bid award.

LABOR DIVISION REVISES RECORDKEEPING REQUIREMENT

The WV Division of Labor adopted a policy requiring contractors to keep records of their employees on the job site for review by WVDOL compliance officers rather than at their central recordkeeping office. The CAWV argued that maintaining employee records on an unprotected job site is impractical and unduly burdensome. The Labor Division rescinded its policy to issue a citation to contractors whose employee records were not immediately available for review on

the job site and is now allowing contractors to produce records within 72 hours which is a much more reasonable request.

US DOT IDENTIFICATION PROGRAM

The CAWV helped members who operate trucks to achieve compliance with a new state Public Service Commission Rule, under Chapter 24A of the West Virginia Code, requiring trucks operating within the state with gross vehicle weights of 10,001 lbs. or more to obtain and display a US Department of Transportation Identification Number.

WORKERS' COMPENSATION ISSUES

The CAWV established a Workers' Compensation Task Force to study reclassification changes being proposed by the state Workers' Compensation Commission. The task force is continuing to work closely with the WCC in a cooperative effort to address changes that are needed to make the rates for each contractor, performing the same type of work, more equal.

CRANE OPERATOR LICENSE RENEWALS

The CAWV sponsored five crane operator classes in which 155 crane operators, upon successfully completing the required 24-hour refresher course, were able to renew their licenses for another five years.

WVUCA MEETING OUTLINES CONSUMER SALES AND USE TAX FOR CONSTRUCTION

The CAWV Education Committee sponsored a tax seminar which was held at the West Virginia Utility Contractors Association Quarterly Meeting. An expert panel of speakers outlined the new consumer sales and use tax for contractors and suppliers and offered members great advice and discussion on different tax topics and issues. Beginning January 1, 2004, the calculation of West Virginia's six percent sales and use tax changed from a bracket system to a rounding system. This applies to monthly, quarterly and annual reporting periods.

200 ATTEND TRUCK WEIGHT SEMINAR

The CAWV sponsored a seminar presented by the West Virginia Division of Highways and Public Service Commission to over 200 attendees that addressed concerns and questions regarding S.B. 673, the new truck weight limit bill and bridge postings throughout the state.

LINDSAY MILLER JOINS CAWV

Lindsay Miller has joined the association as staff assistant. Lindsay is responsible for helping with the CAWV Newsletter, gathering project and bid information and maintaining the Plan Room. In addition, she answers the telephones and greets members and guests to the association. Lindsay is a Charleston native and is a 1999 honors graduate from Capital High School.

CAWV AFTER HOURS – MEMBERS GREET, MEET AND NETWORK

The CAWV hosted several After Hours Receptions in an effort to help members get acquainted with each other, CAWV staff, officers, services and benefits. The receptions allowed members to network with each other and for the CAWV to show appreciation to members for their support and involvement. The receptions are being held in various regions of the state.

CAWV HOSTS LEGISLATIVE RECEPTION WITH TOOLS AS ART EXHIBIT

The CAWV held a Legislative Reception at the Avampato Discovery Museum in conjunction with an art exhibit sponsored by the association. More than 200 guests, including CAWV members and legislators, attended the reception which helped to kick off "Tools As Art, The Hechinger Collection," a unique art collection resembling tools as 20th century art with labor and creativity. The reception provided members the opportunity to socialize and speak to decision makers of the state about issues affecting the construction industry.

EXPO CELEBRATES 25 YEARS

EXPO celebrated its 25th anniversary this year with over 5,000 attendees, four sponsors, 19 cosponsors, 276 exhibitors, 448 indoor and outdoor exhibits, 84 advertisers and an EXPO After Hours. The show started in 1979 on the parking lot of the Ramada Inn, South Charleston, with 28 exhibitors and 350 people. In 1980, the event was moved to the Charleston Civic Center and has since had record breaking years. Now sponsored by all the state's major construction and design trade organizations and professional societies, it has become a significant regional event.

Five exhibitors at the show were honored for their participation in every show for 25 years, including Precision Pump & Valve, Inc., Charleston; Rish Equipment Company, Bluefield; The C.I. Thornburg Company, Inc., Huntington; Cecil I. Walker Machinery Company, Belle; and West Virginia Water & Waste/Hughes Supply, South Charleston.

YCC HOSTS ACTIVITIES

The CAWV Young Contractors Committee (YCC) hosted an informative seminar and reception on January 21. The annual Capital Classic between Marshall and WVU was held at the Charleston Civic Center and served as the backdrop for the YCC event. Over 50 members and guests attended the evening program. In September, the YCC sponsored a business meeting and golf outing at the Westfield Golf Club in Westfield, Ohio.

CAWV KICKS OFF "HARD AT WORK" BILLBOARD CAMPAIGN

The CAWV kicked off a new "Hard at Work" billboard campaign. The billboards were developed to help with branding the Hard at Work logo along with the CAWV's logo. The campaign was also designed to work with the jobsite signs and banners that hang on members' projects to help convey the message that CAWV members are "Hard at Work" building our state's roads, schools, hospitals and water and sewer systems. Five billboards were placed along West Virginia's major highways, I-64 and I-79, and highlight both the CAWV and Hard at Work logo with the phrase "Building a Better West Virginia."

EDUCATION COMMITTEE HAS RECORD-BREAKING SEMINARS

Nearly 700 members attended 15 educational seminars sponsored by the CAWV. A variety of topics were covered including OSHA standards, DOT regulations and consumer sales tax issues.

CAWV/APAWV SPONSORS TRIP STUDY

The CAWV worked with The Road Information Program (TRIP) over the past year to compose a study researching West Virginia's roads, bridges and highway safety. The study found that West Virginia's roads are in poor condition and gave a grade of 'C' on overall road conditions, a 'D-plus' on bridge conditions and a 'D' on highway safety. In addition, the report found that 36 percent of major roads in the state are in poor or mediocre condition, and 37 percent of West Virginia's bridges are structurally deficient or functionally obsolete.

All major newspapers, radio and television stations ran extensive reports on the condition of West Virginia's roads and bridges. The TRIP report helps educate lawmakers and the public on the need for a modern and safe highway transportation system.

FUEL ADJUSTMENT CLAUSE

The association worked closely with the West Virginia Division of Highways on upgrading its fuel adjustment clause, including a new source for the index, new usage rate, moving the index to an Internet posting and elimination of an adjustment for gasoline.

PAVEMENT DESIGNER WORKSHOP

For the fourth time in the last five years, the Asphalt Pavement Association (APAWV) and the West Virginia Division of Highways jointly sponsored a pavement designer workshop. The two groups held the first statewide asphalt pre-construction conference this year in conjunction with the annual paving conference. The workshop and conferences focused on uniformity, knowledge of the specifications, cooperation and quality improvement.

SURFACE TREATMENT CONTRACTS BID

The Division of Highways let for bid this year approximately half of their surface treatment program. The construction industry was grateful for the opportunity to bid on work traditionally done with state forces.

HMA ADJUSTMENT CLAUSE

The method used for bidding the asphalt index was changed, as was how the index is referenced. The APAWV and West Virginia Division of Highways developed the improvements jointly to eliminate the need for an index to be placed in proposals, thereby expediting the availability of the bidding index.

WVDOH PURCHASE ORDER/SALES TAX RULING

The Asphalt Pavement Association of West Virginia supported the industry's successful defense in a case involving West Virginia Division of Highway's purchase order work. The decision of the Office of Tax Appeals upheld the industry's argument that state code exempts materials used in purchase order work from taxation. The case was important as it protected future highway dollars from being siphoned from the Road Fund and it represented unrecoverable assessments against firms who have done DOH purchase order work in the past.

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