



# Contractors Association of West Virginia

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## PRESENTATION BEFORE THE U.S HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

### MIKE CLOWSER, EXECUTIVE DIRECTOR CONTRACTORS ASSOCIATION OF WEST VIRGINIA

### BECKLEY, WEST VIRGINIA FEBRUARY 14, 2011

Good morning. My name is Mike Clowser. I am executive director of the Contractors Association of West Virginia. We welcome Chairman Mica and members of the committee to West Virginia. The airport you flew into, the roads you traveled, the bridges you crossed and this beautiful building where we are meeting were built by members of our association. The CAWV represents over 450 members employing nearly 20,000 West Virginians in the highway, bridge, water and sewer, and building construction industry.

You have asked us to provide input on how to streamline the process, eliminate programs, improve flexibility and improve the efficacy of private investment in transportation infrastructure.

These are all important issues and the CAWV's two national associations, the Associated General Contractors of America and the American Road and Transportation Builders Association, have prepared recommendations that they will be presenting to your committee.



What is important to West Virginia, and the men and women who build West Virginia's transportation system, is the passage of the federal-aid highway reauthorization bill. The uncertainty that has existed since September 2009 has created instability in the design and award of highway construction projects, it has resulted in the unemployment of skilled construction workers, it has curtailed contractors investing in new equipment and it has resulted in a deterioration of West Virginia's roads and bridges.

West Virginia is only one of four states that maintains its entire highway system. As such, West Virginia is the sixth largest highway system in the nation. According to the Federal Highway Administration, West Virginia has 38,452 miles of roadway. Of the state's 10,420 miles of roadway eligible for federal aid, 29 percent are rated "not acceptable" and need major repairs or replacement.

West Virginia also has 7,050 bridges. FHWA reports 37 percent of the state's bridges are either "structurally deficient" or "functionally obsolete." It will cost an estimated \$2.8 billion to make needed bridge repairs on 3,645 structures in the state.

Everyone is here today because we understand the value of capital investment. We understand infrastructure improvements are critical to support commerce and to improve efficiency and economic competitiveness. We also fully comprehend that if we don't repair roads and bridges in a timely manner, we will be forced to rebuild them at a cost that may be five times higher than what it would have cost to repair them.

West Virginia and other rural states cannot do this without a stable and predictable federal funding program. And in West Virginia, that does not mean alternative financing mechanisms. It means a direct funding formula from the Highway Trust Fund.

The West Virginia Turnpike that you traveled on this morning has been a toll road since it first opened in 1954. We are trying to complete the last four-lane section of U.S. Route 35 using tolls but as you may have read, the bond market and limited traffic counts are making it extremely difficult to build the last 14 miles at a cost of \$187 million. The West Virginia Legislature passed the West Virginia Public/Private Transportation Act a few years ago to provide another mechanism to build transportation facilities. We have no planned PPP projects in West Virginia. Our rural population, coupled with the fact that private entities must borrow money at higher rates than the federal government and that borrowing costs are an added burden on users of the system, make PPP's highly suspect as a viable financing alternative for West Virginia.

Mr. Chairman, we know your colleagues Rep. Nick Rahall and Rep. Shelley Moore Capito wish you had the time to travel the magnificent highways and bridges we have built in West Virginia. The New River Gorge Bridge, Corridor H, Coalfields Expressway, King Coal Highway and Appalachian Corridor L are not only engineering and construction marvels, they are vital to the future economic vitality of our state.

They will tell you that a cost of building a mile of road in West Virginia is considerably different than a mile in a state with no mountains. You traveled the West Virginia Turnpike to get here this morning. One project involved moving 10 million cubic yards of earth to bypass an obsolete two-lane tunnel. That project cost \$32 million in 1985. At the project's dedication in 1987, then-WVDOH Commissioner William Ritchie called it "the toughest, hardest, meanest construction job in the state's history."

We want to complete the roads designated in our national highway system but we are starved for resources because the primary federal financing mechanism (the federal gas tax) has not been increased since 1993. That funding has lost half its buying power over the last 17 years. The same issue applies on the state level. A 30 percent drop in the buying power of state funds, plummeting state tax revenues and more fuel efficient vehicles are putting us further behind in maintaining our current system, much less planning for new highway expansion.

The federal-aid highway program is one of the greatest job producing programs in the history of our nation. An analysis of the latest U.S. Census data shows the design, construction and maintenance of transportation infrastructure supports the equivalent of 22,893 full-time jobs in West Virginia. These employees earn a total annual payroll of \$1 billion and contribute an estimated \$85.4 million in state and federal payroll tax revenue. This employment includes the equivalent of 11,405 full-time jobs directly involved in transportation infrastructure construction and related activities and 11,489 that are sustained by transportation design and construction industry employee and company spending throughout the region's economy.

Additionally, the existence of more than 427,589 full-time jobs in West Virginia in key industries like tourism, retail sales, agriculture and manufacturing are dependent on the state's transportation infrastructure network. According to the U.S. Census Bureau, there are at least 6,717 firms in West Virginia that are in some way directly involved in transportation related work.

These are impressive numbers, but to the companies in this theater today, passage of the federal-aid highway bill is more fundamental. While the nation has suffered through a recession, the construction industry has been experiencing depression-like conditions. The national unemployment rate for the industry in August 2010 was 17 percent – nearly double the 9.6 percent national rate, according to the Bureau of Labor Statistics.

Reauthorization of a federal-aid highway bill means they will continue to stay in business, buy equipment, pay taxes and keep their people employed. For the construction workforce represented today, it means they will be able to make a living so they can buy cars, educate their children and buy goods and services, all of which will ripple through our economy.

The Contractors Association of West Virginia appreciates you being in West Virginia today. We appreciate the opportunity to share our concerns with you. Streamlining processes, eliminating programs and increasing private investment in transportation are great goals. But the bottom line to our state, our industry, our members and our employees is that none of this matters if

Congress does not act, and act swiftly, to reauthorize the highway bill. We do not need another limited Continuing Resolution. If there is a Continuing Resolution, it needs to be at least a year in duration so our state highway department has dependability to their program.

Your action will determine whether we create jobs, fix our roads and build a transportation system that will serve the needs of domestic commerce, international trade and the overall U.S. economy.

Thank you.

**Mike Clowser is Executive Director of the Contractors Association of West Virginia, an association representing nearly 450 members in the building, highway, utility and industrial contracting industry. He also serves as Editor of *West Virginia Construction News*, the association's 73-year-old publication.**

**In his position with the CAWV, Clowser has worked over 30 years with state and local governments and the WV Legislature to create economic development and job opportunities statewide. He has consistently worked to provide funding for West Virginia=s infrastructure of roads, bridges, water and sewer facilities and schools.**

**Clowser is past chairman of the West Virginia Highway Users Conference, past chairman of the West Virginia Business and Industry Council, and past president of the West Virginia Society of Association Executives. He is currently Chairman-Elect of the Executive Leadership Council which is comprised of the 95 chapter executives of the Associated General Contractors of America. He is in his second term on Charleston City Council and serves as chairman of the city=s Infrastructure Task Force.**

**Clowser received his B.S. in Journalism, Cum Laude, from West Virginia University in 1978. He has completed the U.S. Chamber of Commerce's Institute for Organization Management, a six year leadership program for association executives.**

**He is a member of the Charleston Rotary Club. He resides in Charleston with his wife, Dale.**

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
*Truth in Testimony Disclosure*

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:  
*MIKE CLOWSON*

(2) Other than yourself, name of entity you are representing:  
*CONTRACTORS ASSOCIATION of WEST VIRGINIA*

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES      If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

*N/A*

*Mike Clowson*  
\_\_\_\_\_  
Signature

*2/14/11*  
\_\_\_\_\_  
Date