



VIEWS & VISIONS

A publication of Bowles Rice LLP

Winter 2019



The State of the Construction Industry in West Virginia

Mike Clowser, Executive Director
Contractors Association of West Virginia

Mike Clowser is Executive Director of the Contractors Association of West Virginia (CAWV), 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 82-year-old publication.

Clowser is past chairman of the West Virginia Highway Users Conference and the West Virginia Business and Industry Council, and is past president of the West Virginia Society of Association Executives. In 2016, West Virginia Governor Jim Justice appointed Clowser to head his transition team's infrastructure committee. He also served on the governor's steering committee to promote the Roads to Prosperity bond amendment. He served four terms as a member of the Charleston City Council, is a member of the Charleston Rotary Club and serves on the Board of Directors for the Charleston Coliseum and Convention Center.

Clowser received his bachelor's degree in journalism, *cum laude*, from West Virginia University. He also completed the U.S. Chamber of Commerce's Institute for Organization Management, a six-year leadership program for association executives.

Highway projects and opportunities in the energy sector are creating thousands of new construction jobs throughout the state of West Virginia.

An analysis of U.S. Department of Labor data by the Associated General Contractors of America ranked West Virginia first in the nation in adding the highest percentage of new construction jobs over a year's period.

Between January and December 2017, construction jobs grew by 4,300 in the Mountain State, a growth rate of more than 14 percent and the highest in the country.

For a number of years, West Virginia ranked dead last nationally in new construction jobs, coming in 51st behind all 50 states and the District of Columbia.

The improving construction numbers have come from several sectors of the state's economy. A large part of the turnaround can be attributed to construction activity resulting from West Virginia Governor Jim Justice's bold initiative to build, upgrade and repair state roads and bridges. The West Virginia Legislature increased funding for the West Virginia Division of Highways. Voters went to the polls in overwhelming support to pass the Roads to Prosperity bond amendment by a margin of 73-27 percent, which will allow the state to issue up to \$1.6 billion in bonds.

Engineering and construction firms have already started hiring the people who are going to be building these projects. Those supplying the industry – equipment dealers, steel and other material suppliers, aggregate producers – are all hiring people, as well.



Another factor leading to West Virginia's number one ranking comes from the multiple natural gas pipeline projects underway in the state. Many Contractors Association of West Virginia (CAWV) contractor, subcontractor, engineering and supplier members are working in the oil and gas industry, designing and constructing well pads, retention ponds, access roads and water lines.

For the first time in a long time, CAWV members are going back into coal. They are performing mine face-ups, working on coal haul roads and other coal-related activities. Legislators approved an \$80 million bond package for improvements at state parks and recreational facilities. And for the first time in years, Congress increased funding for water and sewer construction loan programs.

West Virginia's construction jobs growth figure is as real as a recent survey of CAWV members confirms. The survey, conducted in late September 2018, shows that 63 percent of members responding added employees in 2018. Seventy-seven percent have added between 5 and 25 employees and 23 percent of CAWV members added more than 25 employees. The most promising aspect of the survey is that 67 percent plan to add additional employees in 2019.

Increased construction will lead to future economic growth and opportunity for young people wanting to pursue a career in construction. The CAWV survey shows that

80 percent of contractors believe it will continue or become harder to find construction professionals, and nearly 60 percent say it will be harder to find skilled craft workers. The CAWV Board of Directors has formed a Workforce Development Task Force to enhance career and technical training programs to put even more West Virginians into high-paying construction careers.

While the state's construction industry as a whole has greatly improved in the past few years, the majority of the growth revolves around North Central West Virginia. Hospitals, office buildings, retail and educational facilities between Clarksburg and Morgantown are keeping our members busy. Many are actively looking for qualified workers.

Construction activity is picking up in the Eastern Panhandle, with manufacturing facilities such as Procter & Gamble, Roxul, TeMa North America and others creating the need for support facilities. Not all areas of the state are seeing an upturn. Contractors in southern West Virginia, as well as those that perform school construction projects, continue to see their sectors remain stagnant.

An Associated General Contractors of America's analysis of construction employment in 358 metro areas shows the Weirton-Steubenville, West Virginia-Ohio Metropolitan Statistical Area continues to be a robust construction area. This MSA ranks third in the nation, with a 21 percent increase in jobs from October 2017 to October 2018. Another 400 construction jobs were added in the last year, bringing the total to 2,300.

The Charleston, West Virginia MSA is at the other end of the spectrum. Charleston ranked fourth worst in percentage losses over a year's time – a reduction of 500 jobs from 7,500 to 7,000, or a seven percent decline. However, as West Virginia's economy evolves and the state's transportation infrastructure continues to improve, this will have a ripple effect of growth as companies move to or expand in West Virginia. This will create jobs – construction jobs – and contractors will build to meet the demand. ▽



Expansion of the Mockingbird Hill Compressor Station in Pine Grove, West Virginia – part of Dominion Energy's Supply Header Project that is expanding its interstate natural gas pipeline system that currently extends from western Pennsylvania into West Virginia