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As you will see in the following pages, the 2017 Annual Report of the Associated General Contractors of America is not your typical recap of a year's worth of progress. Yes, we do catalog some of the outstanding accomplishments of this association and its members. But because 2017 completes our first century as an association, we wanted to take this opportunity to also outline some of the many contributions our organization has made to the construction industry and the broader economy during the past one hundred years.

2017 has been both a remarkable, and remarkably interesting, year for the association and for the construction industry. The economy is expanding and demand for most types of construction remains strong in much of the country. But our members continue to suffer from the consequences of our educational institutions' decades of underinvestment in career and technical education. We suf

CEO'S MESSAGE



STEPHEN E. SANDHERR

This past year was an especially busy and momentous year for AGC of America and our members. With the transition to a new administration, every organization in Washington, DC has been scrambling to get their agenda in front of the president and his staff. The change can feel chaotic, but you can rest assured knowing that AGC of America's track record and steady hand will keep our industry's voice heard at all levels of government. All the while, our association has been gearing up for its centennial year, as we look back on our organization's many historic accomplishments and look ahead to the next 100 years.

AGC of America scored major legislative wins for the construction industry, most notably in tax reform. Unlike other trade groups that endorsed early versions of the tax bill that would have done little to help construction firms, AGC undertook a

AGC of America's new and steady hand. Undertaken to keep our transition to a new administration, every organization in Washington, DC has been scrambling to get their agenda in front of the president and his staff. All the while, our association has been gearing up for its centennial year, as we look back on our organization's many historic accomplishments and look ahead to the next 100 years.

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As it became apparent that there was an opportunity for sweeping tax reform last fall, AGC moved quickly to bring together a group of people from its Financial Issues Committee to ensure that the construction industry benefited as much as possible from any changes to the tax code. One of these people was Dave Allison. He, along with several other members and AGC staff, poured over Congress's tax legislation as it was coming out to look for potential problems and opportunities to clarify and improve it for contractors.

One of the ways in which Allison assisted AGC's staff was by helping to provide context from the business community to legislators in Washington: "I actually took our company's several shareholders and we ran through how this [tax bill] would actually affect people and what issues came along the way, and provided

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AGC made an intensive effort to push for new federal infrastructure funding and to aid states in passing infrastructure bills that will boost economies and help future development. Ken Simonson, AGC's Chief Economist, joined Phoenix Mayor Greg Stanton and Tempe Mayor Mark Mitchell in Phoenix, Arizona for a media event promoting a new plan to boost infrastructure funding. The extra funding will help the rapidly growing metro area meet new traffic demands, and Simonson pointed out to reporters that the positive economic impact of the investments would extend far beyond the construction industry.

In addition, AGC of America teamed up with the Contractors Association of West Virginia to organize a media event in Charleston with West Virginia Department of Transportation Secretary Tom Smith to promote a new state highway funding measure that

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AGC chapters have been very successful over the past several years in getting state revenue increases for transportation and other infrastructure projects. During the annual Transportation Construction Coalition Fly-In, AGC held a



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The Environmental Protection Agency invited AGC to partner on an aggressive effort to eliminate or improve harmful rules that have failed to deliver results and stunted economic growth. Their Smart Sectors program is focused on creating better-informed rulemaking, reducing burden and increasing transparency about environmental performance.

“Finding a way to combine a deep knowledge of how to protect the environment with an understanding of how construction firms operate is the most effective way to craft programs and policies that deliver significant environmental protections to commercial construction sites,” AGC’s CEO Stephen Sandherr commented about the partnership. “The Administrator clearly understands that firms will be able to do more to protect the environment if the regulations they must follow are crafted with an understanding of how employers operate.”

US EPA Administrator Scott Pruitt poses with AGC’s environmental review flow chart

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The president repealed the OSHA “Volks” Rule by signing a congressional resolution of disapproval. AGC led a lobbying effort to support passage of the bill, noting that the bill preserves worker safety while protecting the Constitution and respecting court rulings.

At the heart of the Volks matter was an OSHA rule that exposed employers to unfair liability for honest and inadvertent paperwork mistakes related to recordkeeping. The rule extended the statute of limitations on recordkeeping violations from six months to one and a half years, and did nothing to improve the safety or health of a company’s workers. The rule was initially issued by OSHA to circumvent a court decision involving a construction company that challenged a citation for a recordkeeping violation issued beyond six months. Two federal courts have since rebuked OSHA’s theory for issuing recordkeeping citations after six months.

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AGC created a poster-sized flowchart to diagram the extremely complex environmental review and permitting process for federally-funded or federally-permitted infrastructure projects in the United States. AGC not only presented this during testimony before Congress but shared the chart with the White House, Congress, and regulatory agencies.

In its May testimony before Congress, AGC outlined reforms included in its comprehensive paper: “Reforms for Improving Federal Environmental Review and Permitting.” AGC also testified before Congress in March 2017 on how to reduce environmental permitting paperwork. AGC has met and shared its reforms proposal with the U.S. Environmental Protection Agency and the Army Corps, among others. AGC also gave the House Natural Resources Committee thorough advice on reforming the Endangered Species Act to improve efficiency.

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AGC members testified before the House of Representatives on change order delays and the impacts they have on federal construction contractors. Members of congress heard how federal agency delays in processing and paying change orders disrupt cash ow, impact schedules, waste taxpayers' money, and restricts opportunities for contractors to bid on additional projects. AGC called for greater transparency, oversight, and agency action to address delays in paying contractors for the work they do for the federal government.

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AGC members met with the Veterans Administration (VA) resident engineers from across the country for an interactive training session at the VA Acquisition Academy in Frederick, MD. AGC detailed the many steps that are involved between the time a contract is awarded and a contractor breaks ground. VA resident engineers engaged in team exercises

where the VA resident engineers brainstormed timelines of the different steps involved in preparing a jobsite. AGC walked through and addressed gaps between what the engineers perceived as a suitable timeline and the actual time needed for a contractor to complete the required steps.

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Within hours of the Senate confirming the nomination of Elaine Chao to be the next Transportation Secretary, she received a letter from AGC highlighting a number of troublesome regulatory issues. Secretary Chao invited AGC to discuss opportunities for US DOT to reduce the regulatory burden and offered recommendations on regulatory programs that need to be reconsidered, including: local hire requirements, disadvantaged business enterprise

Transportation Secretary Elaine Chao meets with Steve Sandherr to discuss AGC's priorities

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PROFILE: HELPING SMALL BUSINESSES

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The Federal Highway Administration adopted many suggestions from AGC on national rules it issued on the use of Construction Manager General Contractor procurement procedures in the federal-aid highway program. AGC commented extensively on the proposed rule and the Federal Highway Administration highlighted those comments in the background portion of the rule notification.

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Like overly complex rules and regulations, navigating unfair or badly written contracts can be a huge burden to construction businesses. In September, the first consensus standard contracts written by and for the construction industry reached a 10-year milestone. This first-of-its-kind coalition created and led by AGC of America has grown from 20 organizations in 2007 to 40 leading organizations today, while being at the forefront of breaking down contractual obstacles. The catalog of contracts has grown from 70 to over 100 standard contracts and in this 10-year period has established a track record of success with billions of dollars of construction put in place using ConsensusDocs contracts.

“As the construction economy continues to recover from the great recession, we are seeing a movement to fair contracts that are better designed for today’s industry to accelerate,” said ConsensusDocs executive director Brian Perlberg. “ConsensusDocs will continue to lead the way in having an impact on the construction industry.”

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—ConsensusDocs executive director Brian Perlberg

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AGC worked closely with its Texas and Tennessee chapters to produce and release a series of videos for two separate campaigns to promote construction careers in the states. AGC visited dozens of member companies to interview employees about what makes their careers in construction so rewarding. The videos focus on safety, career advancement, and the personal satisfaction construction offers.

AGC also developed webpages to host the videos and other useful information concerning safety and wages that help to dispel misconceptions about what it means to work in construction. Through these pages, visitors can also look for construction careers near them and learn about how to receive training.

AGC of America released its 5th annual workforce shortage survey in August which indicated that 70 percent of contractors are having a hard time filling hourly craft positions.

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AGC launched a Diversity and Inclusion Council to help ensure that the construction industry can continue to grow by embracing the changing demographics of our country's workforce. Fostering an environment that is welcoming and inclusive to all individuals is essential to achieving AGC's mission and placing our members in a position to contribute to the industry's future success. The council is led by a 16-person steering committee of various leaders within our membership, and it has already launched The Willis Towers Watson Diversity and Inclusion Awards as well as various subcommittees aimed at helping member companies attract and grow a wider pool of employees.

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AGC remains as committed as ever to advancing our industry's workforce through innovative educational programs. Below is a snapshot of how our programs have helped our members learn about and implement Lean and BIM.



BIM AND CERTIFICATE OF MANAGEMENT-BIM

Over **1,000** units of BIM were taken in 2017

68 people earned their CM-BIM credential in 2017

731 individuals have earned their CM-BIM since its launch

36 chapter testing centers

LEAN AND CERTIFICATE OF MANAGEMENT-LEAN

AGC LEARNING CENTER

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BIM students take part in a collaborative simulation to earn

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AGC of America commissioned an intensive study of construction worker fatalities to learn new methods of preventing fatalities. The study, conducted by the Myers-Lawson School of Construction at Virginia Tech, involved analyzing confidential fatality reports from the U.S. Bureau of Labor Statistics. This unique and innovative study used current data to provide the most recent trends and offered detailed and actionable insight into how our industry can better work towards zero fatalities.

Some of the findings in the report reinforce existing safety practices and many of the association's long-standing safety programs. Other findings, however, are contrary to long-held industry safety assumptions. For example, while prior research indicated most construction fatalities occur in the morning, in fact noon is the deadliest hour in construction. AGC is now advising construction firms to look at holding safety talks and stretching sessions when workers return from the 11 a.m. to noon lunch breaks common on most job sites.

The study also found that Hispanic construction workers are not disproportionately the victims of construction fatalities. As a group they account for 24 percent of the national construction workforce and 25 percent of all construction fatalities.



\$195,000

for Hurricane Harvey Victims

\$111,000

for Hurricane Maria Victims

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AGC Charities, Inc. raised \$195,000 for Hurricane Harvey Victims and \$111,000 for Hurricane Maria victims. AGC has begun distributing the funds to employees throughout the areas affected by the hurricanes, including 83 individual grants given to employees in Texas.

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Forty-four percent of highway contractors reported that motor vehicles had crashed into their construction work zones during the past year according to AGC's 2017 highway work zone study. Eighty-two percent of contractors also reported that motor vehicle crashes pose a greater risk today than they did just ten years ago. As a result, AGC launched a new national advertising and outreach campaign to urge motorists to stay alert and slow down while driving through highway work zones over the summer.

The campaign featured radio ads airing in dozens of cities around the country that caution drivers to be careful in highway work zones. The ads warned drivers that speeding, texting and losing focus while in work zones aren't worth the "nightmare" of killing workers, drivers or passengers.

AGC of America President Art Daniel hands a relief check to a Hurricane Harvey victim

PROFILE: **HELPING HURRICANE VICTIMS**

Hurricanes come as no surprise to many Houstonians, but few were fully prepared for the damage that Hurricane Harvey wrought throughout the city in August. Luckily, Joslin Construction had prepped their job sites for the worst. “We didn’t lose a single piece of equipment,” says Shaun Dean, CEO of Joslin, “so we were able to go right into recovery mode. We were able to help not just our own employees, not just our own families, but also other people we didn’t even know.”

As Curt Joslin, Chairman of the Board, points out, Joslin “is very much a family business.” So, with 57 employees displaced following the hurricane, the company “went into family mode. We were able to get the kids of our employees who lost everything clothes to wear and food to eat. We had no job sites that were active, so our team members were available to go to people’s houses to start ripping out sheet rock and shoveling mud out of people’s kitchens.”

In conjunction with the recovery efforts of its members and the Houston Chapter, AGC of America helped raise nearly \$180,000 for victims in the AGC community. It’s work like this that affirms Curt Joslin’s trust in the association: “The fact that the AGC does get involved with things like this, why wouldn’t you want to be a part of a group like that? Why wouldn’t you want to help out like our own?”

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AGC submitted a Freedom of Information Action to the US DOT asking for studies justifying its decision to reject a Congressional mandate to increase the use of positive barrier in highway work zones. AGC worked to have a provision included in the MAP-21 reauthorization legislation and reemphasized in the FAST Act directing FHWA to issue rules requiring states to use al mandatDarrier s.en-US

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AGC of America Capstone Supporters:

AGC's challenges to the rule primarily focused on whether it is technologically and economically feasible, while also raising concerns regarding certain aspects of the medical surveillance requirements and the prohibition of dry sweeping during cleanup operations. AGC's intention has always been to find a way to continue reducing exposure to, and illness from, silica. While the association never disagreed with federal officials' motives, AGC has long felt that this rule would do little to improve workplace health and safety and that better approaches exist.

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AGC of America received nearly \$155,000 which it will use to help its chapters deliver fall protection training to hundreds of workers. The training seminars will be facilitated at AGC chapter training centers across the United States. Workers will participate in a 7.5-hr training seminar in a classroom setting conducted by knowledgeable safety instructors. The safety instructors will use a combination

2017 REVENUE

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2017 NON DUES REVENUE

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HOW DOES AGC SPEND THE REVENUE IT RECEIVES?

IN MILLIONS

Government & Industry Affairs	\$5.3
Chapter & Member Support	\$12.1
Association Leadership	\$1.0
Support Resources	\$2.6

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